Jobs, Skills, Training and Labour

Annual Report

2014-15

Alberta
Government

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Preface 2

Message from the Minister 3

Management's Responsibility for Reporting 4

Results Analysis 6

Ministry Overview 6

Review Engagement Report (Auditor General's Report) 8

Performance Measures Summary Table 9

Discussion and Analysis of Results 10

Goal 1: Alberta has a skilled and adaptable labour force that supports a sustainable, prosperous and diversified economy 11

Goal 2: Alberta has safe, fair and healthy workplaces that contribute to a productive economy 17

Financial Information 23

Financial Statements 24

Independent Auditor's Report 25

Financial Statements: Workers' Compensation Board – Alberta 49

Performance Measures Sources and Methodologies 88

Other Statutory Reports 91

Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Management Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 19 ministries.

The annual report of the Government of Alberta contains the consolidated financial statements of the province and *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

On September 15, 2014, the government announced new ministry structures. The 2014-15 ministry annual reports and financial statements have been prepared based on the new ministry structure.

This annual report of the Ministry of Jobs, Skills, Training and Labour contains the audited financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- **the financial statements of entities making up the ministry, including the Department of Jobs, Skills, Training and Labour, the Alberta Labour Relations Board, the Appeals Commission for Alberta Workers' Compensation, the Occupational Health and Safety Council, and the Workers' Compensation Medical Panels;**
- **other financial information as required by the *Financial Administration Act* and *Fiscal Management Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and**
- **financial information relating to trust funds.**

Message from the Minister

The Government of Alberta is committed to ensuring safe and healthy workplaces for every person in our province. By working with employees and employers, Jobs, Skills, Training and Labour (JSTL) is focused on strengthening Alberta's skilled and resilient workforce.

As Alberta's industries continue to evolve, our government will ensure we have the best legislation in place to protect workers, while supporting employers.

We will continue to review and update public sector labour legislation so every worker, now and in the future, is well-equipped to do their jobs to the best of their ability. We will consult with stakeholders, including labour and industry groups, to determine what decisions will be most effective for our province.

This report highlights results achieved by JSTL in the 2014-15 fiscal year and our goals moving forward.

Alberta's economy is among the strongest in the country and JSTL is committed to ensuring that prosperity continues into the future.

[Original signed by]

Lori Sigurdson

Minister of Jobs, Skills, Training and Labour

Management's Responsibility for Reporting

The Ministry of Jobs, Skills, Training and Labour includes:

- The Department of Jobs, Skills, Training and Labour;
- Alberta Labour Relations Board;
- Appeals Commission for Alberta Workers' Compensation;
- Occupational Health and Safety Council;
- Workers' Compensation Medical Panels; and
- Workers' Compensation Board.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the ministry rests with the Minister of Jobs, Skills, Training and Labour. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information agrees with underlying data and the sources used to prepare it;
- Understandability and Comparability – current results are presented clearly in accordance with the stated methodology and are comparable with previous results; and
- Completeness – performance measures and targets match those included in Budget 2014.

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under ministry administration;

- provide Executive Council, the President of Treasury Board, the Minister of Finance and the Minister of Jobs, Skills, Training and Labour information needed to fulfill their responsibilities; and

- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Management Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

[Original signed by]

Greg Bass

Deputy Minister of Jobs, Skills, Training and Labour

June 5, 2015

Results Analysis

Ministry Overview

The Ministry

The Ministry of Jobs, Skills, Training and Labour provides supports to meet the needs of both employees and employers. This work focuses on building a skilled workforce for the jobs of today as well as tomorrow, and maintaining safe, fair and healthy workplaces.

The Department

The Department of Jobs, Skills, Training and Labour consists of the areas described below:

Deputy Minister's Office

The Deputy Minister's office leads the department, provides advice and support to the Minister and is the link to the Minister's office to ensure the work of the department meets the goals and objectives outlined in the business plan and the priorities provided to the Minister by the Premier. The Deputy Minister supports the Deputy Minister of Executive Council by contributing to policy development, planning and implementation of cross-ministry initiatives as well as advocating for new approaches and long-term views toward achieving government-wide goals.

Safe, Fair and Healthy Workplaces

The Safe, Fair and Healthy Workplaces division provides legislation, policy development, and program delivery to ensure Alberta's workplaces are safe, fair, and healthy. Working with employers, labour associations, and workers directly, this division ensures compliance with several pieces of workplace-related legislation. Key areas of responsibility include occupational health and safety, employment standards, and labour relations.

Workforce Strategies

The Workforce Strategies division works across government and with industry to identify labour force needs and issues, and develops and implements policies, strategies and programs to address Alberta's labour force requirements now and in the future.

Corporate Services

The Corporate Services division is responsible for the ministry's financial planning and policies, Freedom of Information and Protection of Privacy services, legislative services, and corporate planning and reporting.

Communications

Communications provides planning, advice and support to the Minister and the department, and clear and timely information to the public about the ministry's key initiatives, programs and services. Communications is also responsible for providing advice on issues management, media relations, specialized writing, social media, website content and product design.

Human Resources

Human Resources leads strategic human resource initiatives and oversees the planning, development and delivery of human resource services for the ministry. Human Resources develops innovative and collaborative strategies to recruit, engage and develop staff.

Information Management and Information Technology (IMIT)

IMIT are expert advisors in leading the delivery of information management and information technology services within the ministry. IMIT provides services to the ministry's core operational business areas through strategic planning, development, implementation and ongoing support delivery of the IMIT services.

Agencies, Boards and Commissions

The Ministry of Jobs, Skills, Training and Labour also includes the following agencies, boards and commissions:

Alberta Labour Relations Board

The Alberta Labour Relations Board (ALRB) is an independent and impartial tribunal responsible for the day-to-day application and interpretation of Alberta's labour laws. It processes applications and conducts hearings on matters arising from both private and public sectors. Some, but not all, of the issues that come before the ALRB include certifications, revocations, various votes, bargaining unit determinations, and unfair labour practices, which fall under the *Labour Relations Code*, *Public Service Employee Relations Act,* and *Police Officers Collective Bargaining Act*.

Appeals Commission for Alberta Workers' Compensation

The Appeals Commission for Alberta Workers' Compensation, an independent and impartial tribunal, hears worker and employer appeals arising from Workers' Compensation Board (WCB) review bodies. The mission of the Appeals Commission is to provide a timely, fair and independent appeals process consistent with legislation, policy and the principles of natural justice.

Occupational Health and Safety Council

The Occupational Health and Safety Council advises the Minister on matters concerning the *Occupational Health and Safety Act,* Code and Regulation. The Council is empowered to hear appeals related to orders issued by Occupational Health and Safety officers, as well as cancellations/suspensions of a licence or permit, and rulings from a disciplinary action complaint investigation. The Council also hears appeals to administrative penalties for violations.

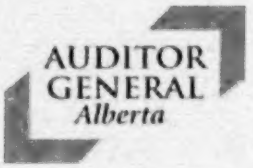
Workers' Compensation Board – Alberta

The Workers' Compensation Board – Alberta (WCB) is an employer-funded, non-profit organization legislated to administer the workers' compensation system for the province's employers. The WCB is independently funded and operated as an insurance enterprise. In Canada, workers' compensation is a no-fault disability insurance system that protects both employers and workers against the economic impact of work-related injuries and occupational disease.

Workers' Compensation Medical Panels

Medical panels provide the WCB and Appeals Commission with an impartial, independent decision-making process to resolve medical issues that affect a claimant's right to compensation. Each panel is made up of three contracted physicians with specialized knowledge of the medical area in dispute.

Review Engagement Report



Review Engagement Report

To the Members of the Legislative Assembly

I reviewed one of three performance measures in the Ministry of Jobs, Skills, Training and Labour's Annual Report 2014–2015. The reviewed performance measure is the responsibility of the ministry and is prepared based on the following criteria:

- *Reliability*—The information used in applying performance measure methodology agrees with underlying source data for the current and prior years' results.
- *Understandability*—The performance measure methodology and results are presented clearly.
- *Comparability*—The methodology for performance measure preparation are applied consistently for the current and prior years' results.
- *Completeness*—The goal, performance measure and related target match those included in the ministry's budget 2014.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the ministry.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measure. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measure in demonstrating ministry progress towards the related goal.

Based on my review, nothing has come to my attention that causes me to believe that the performance measure identified as reviewed by the Office of the Auditor General in the ministry's annual report 2014–2015 is not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 9, 2015

Edmonton, Alberta

Performance measure reviewed by the Office of the Auditor General is marked with an asterisk (*) on the Performance Measures Summary Table.

Performance Measures Summary Table

Goals/Performance Measure(s)

1. Alberta has a skilled and adaptable labour force that supports a sustainable, prosperous and diversified economy						
	Prior Year's Results				**Target**	**Current Actual**
Performance Measure 1.a Interprovincial rank of Alberta's labour force participation rate (#1 is the highest)	#1 2010	#1 2011	#1 2012	#1 2013	#1	#1 2014
Performance Indicator 1.a Labour force participation rate of:						
All Albertans	73.0%	73.6%	73.6%	73.1%	NA	72.7%
Aboriginal Albertans living off-reserve	70.4%	67.5%	71.0%	71.9%		72.2%
Alberta's immigrant population	68.9%	70.2%	70.1%	68.4%		69.9%
Alberta youth (aged 15-24)	69.1%	69.9%	68.2%	67.9%		67.4%
	2010	2011	2012	2013		2014
2. Alberta has safe, fair and healthy workplaces that contribute to a productive economy						
	Prior Year's Results				**Target**	**Current Actual**
Performance Measures 2.a* Lost-time claim rate: Number of lost-time claims per 100 person-years worked	1.46 2010	1.51 2011	1.41 2012	1.35 2013	1.37	1.31 2014
2.b Percentage of decisions rendered by the Labour Relations Board within 90 calendar days from the completion of the hearing(s)	81% 2010-11	80% 2011-12	85% 2012-13	84% 2013-14	85%	60% 2014-15
Performance Indicator 2.a Percentage of applications, with the Labour Relations Board's involvement, settled before reaching a formal hearing	55% 2010-11	73% 2011-12	70% 2012-13	73% 2013-14	NA	72% 2014-15

* Indicates performance measure that has been reviewed by the Office of the Auditor General.

The performance measure indicated with an asterisk was selected for review by ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal;
- Measures for which new data is available; and
- Measures that have well-established methodology.

The table contains three performance measures and two performance indicators. Performance indicators show progress toward achieving long-term outcomes that a ministry does not have direct influence over and, as such, no targets are required.

Discussion and Analysis of Results

Each day in Alberta more than two million people go to work. They are on the front lines of economic growth, international competitiveness, and responsible development. Jobs, Skills, Training and Labour contributes to thriving workplaces that are safe, fair and healthy by assisting employers and workers in understanding their obligations so they are equipped to do their jobs. The ministry bridges the gap between Albertans who need work and businesses that need workers.

Alberta's job market remains strong. Even with fluctuations in the economy there are still industries where labour shortages persist. Additionally, skilled workers will be required in a number of new areas to support the diversification of Alberta's economy. In 2014, Alberta's unemployment rate was 4.7 per cent. By helping Albertans have the right skills and employers find and retain the workers they need, Alberta will become even stronger and more prosperous. The ministry works with key stakeholders and builds strong relationships to jointly create the positive change needed to support Alberta's dynamic economy, as well as workplaces that meet the needs of both employers and workers.

Of course no job is worth having if it isn't safe or if the rules of work are not being followed. The ministry provides legislation, policy development, program design, and compliance programs to ensure adequate health and safety standards for Alberta workers. A balanced approach including education, awareness, and enforcement reinforces the minimum standards for the benefit of Albertans.

In 2014-15, the ministry's revenues were $68.1 million, approximately $4.8 million higher than the previous year. This is primarily due to a net increase in funding from the federal government, through labour market agreements, of approximately $9.3 million. In 2014-15, this funding supported the Canada-Alberta Job Fund agreement of which the majority was spent on the Canada-Alberta Job Grant. The remaining federal funding supported the Labour Market Development Agreement and foreign credential recognition. The net increase in federal funding was partially offset by a decrease of approximately $5.2 million in other revenue, primarily related to fluctuations in the timing of revenue received from the Workers' Compensation Board – Alberta.

In 2014-15, the ministry's overall spending was $151.6 million, which was an increase of $15.8 million from the previous year. An increase of $4.8 million in the Workforce Strategies program was primarily due to expenses related to the Canada-Alberta Job Fund agreement. An increase of $3.8 million in Safe, Fair and Healthy Workplaces was primarily due to the delivery of Employment Standards and Occupational Health and Safety programs. The ministry also experienced increased spending related to Ministry Support Services, which more accurately reflects the resources required to fulfil its operating needs.

Within this context, the following sections outline the accomplishments of Jobs, Skills, Training and Labour in 2014-15.

Goal 1: Alberta has a skilled and adaptable labour force that supports a sustainable, prosperous and diversified economy

Alberta faces numerous challenges in addressing sustained labour shortages, building a permanent workforce for the future, and supporting sustained economic prosperity. These include some of the lowest unemployment rates in the country, skills mismatches, and groups such as youth, Aboriginals and immigrants who are under-represented in the workforce or not working to their full potential. The ministry focuses on programs and services that support the broad labour market needs of Alberta. Guided by Alberta's long-term labour force strategy, Building and Educating Tomorrow's Workforce, the ministry develops and implements policies, strategies and programs to match labour supply and demand to address labour force needs, including current skills shortages. Key areas of work for the ministry include labour force development and participation of all Albertans who are willing and able to work, workplace productivity, governance and licensing of professions, foreign qualification recognition, labour mobility, labour attraction, and the selection and integration of immigrants. In addition, the ministry works to support Albertans in their ongoing attachment to, and resiliency in, the labour force through the availability of learning and training tools and opportunities.

Participation of under-represented groups in the workforce

- The ministry actively partners with different industry stakeholders to support innovative projects aimed at increasing labour force participation among untapped or under-represented groups.
    - More than $990,000 in grant funding was provided to Women Building Futures (WBF) to expand development of their online curriculum. WBF is a registered charity that assists women to achieve economic prosperity through employment in the construction trades. The online curriculum will target an additional 722 women in the first year – seven times WBF's current enrollment – and will increase opportunity and access for underemployed women to pursue a career in construction trades through the development and delivery of short, affordable training courses.
    - Careers: The Next Generation was provided $200,000 to deliver an Aboriginal Youth Workforce Development program focusing on increasing the representation of Aboriginal people in apprenticeship and the skilled trades.
    - The ministry provided a $200,000 grant to Prospect Human Services (Prospect) for a two-year pilot program, BaseToBusiness, which supports employers in attracting and retaining military veterans while facilitating effective and successful transition into the civilian workplace. More than 150 employers have participated in the program by attending information sessions and developing employer- or industry-specific Workforce Inclusions Plans.
    - The ministry supported 17 job fairs across the province that included 320 participating employers and more than 8,000 job seekers. In addition, 30 education sessions related to attraction and retention topics were presented to employers across the province.
    - The Workplace Training Innovation Fund was designed to provide funding for projects such as workplace essential skills, literacy, and pilot projects connecting under-represented groups to the labour market. It is focused on collaborative initiatives between government and stakeholders (industry associations, employers, and community agencies) to address areas of critical need and where the biggest opportunities exist. Launch of the Workplace Training Innovation Fund was delayed due to the design and delivery of other new, high-priority projects such as the Canada-Alberta Job Grant.

- The Youth Employment Initiative includes a range of programs and services offered by various Government of Alberta ministries which recognize the importance of collaborating with stakeholders to address issues affecting youth employment, such as unemployment and underemployment. Implementation of the Youth Employment Initiative was delayed following a reprioritization of key initiatives including shifting the ministry's focus to allow for the successful launch of the Canada-Alberta Job Grant.

Helping Albertans make informed training and workforce decisions

- The Alberta Learning Information Service (ALIS) website attracted 4.2 million visitors in 2014-15 and continued to provide career, learning and employment, workplace and labour market information resources in print and online (alis.alberta.ca) to help Albertans make informed plans and decisions.

- In 2014-15, new resources were created on ALIS to help those with low-literacy skills find and maintain work, to support youth during the transition from post-secondary to employment, and to provide information on education and training. A new online recruitment publication was created to support Alberta employers with human resource strategies and best practices to attract and hire skilled workers.

Canada-Alberta Job Grant

- In collaboration with the federal government, the Government of Alberta launched the Canada-Alberta Job Grant (CAJG) in October 2014 to support worker training. This employer-driven training program is cost-shared between government and employers. The aim of the CAJG is to train current and future workers with the skills required to improve employee performance in existing roles and to provide the skills required for unfilled jobs.

- In 2014-15, more than $4.6 million (approximately 40 per cent of the funds available) in funding was allocated through the program to more than 850 approved applicants, resulting in almost 3,000 Albertans being approved for training programs. The program's launch was delayed and as such not all funds were expended. For information on the Canada-Alberta Job Grant, visit albertacanada.com/jobgrant.

Alberta Skills Fund

- Designed around the needs of small business, the Alberta Skills Fund is a Government of Alberta funded and designated employer-sponsored training program meant to complement the Canada-Alberta Job Grant (CAJG) in offering flexible training options for small employers (small businesses and non-profit organizations with fewer than 50 employees). Launch of the Alberta Skills Fund was delayed following a reprioritization of key initiatives including shifting the ministry's focus to allow for the successful launch of the Canada-Alberta Job Grant.

Labour attraction

- The ministry's Opportunity Alberta web portal, albertacanada.com/opportunity, provides valuable information to prospective migrants about living in Alberta, moving here, and the employment opportunities available. In 2014-15, there were almost 2.2 million visits to the Opportunity Alberta web portal, comprising approximately 1 million from within Alberta, 360,000 from the rest of Canada, and 814,000 from international locations.

- In fall 2014, the ministry launched an online advertising campaign to promote Alberta opportunities to Canadian job seekers and immigrants from other parts of Canada. This campaign focused on attracting Canadians in key occupations in demand in Alberta.

Domestic labour mobility rates

- In 2014-15, the ministry continued to lead the implementation of labour mobility provisions of Alberta's domestic trade agreements. These ensure that out-of-province certified workers are able to practice their occupation in Alberta without any unnecessary barriers or restrictions. The Alberta Labour Mobility Survey was assessed in 2014. The most recent data, based on the 2013-14 fiscal year, indicated that 9,945 out-of-province people (not including trade applications) applied for certification to practice their occupation in Alberta.

Chartered Professional Accountants Act

- On December 17, 2014, the *Chartered Professional Accountants Act* received Royal Assent in the Legislative Assembly of Alberta. The Act establishes the Chartered Professional Accountant (CPA) designation and creates a single, unified regulatory body for the CPA profession in Alberta. The merger of Alberta's three self-regulating accounting associations – the Certified General Accountants Association of Alberta, the Certified Management Accountants of Alberta and the Institute of Chartered Accountants of Alberta – reduces marketplace confusion regarding the accounting profession, will provide one post-secondary path for accountants, and protects the public with modernized complaint and discipline procedures.

Foreign Qualifications Recognition

- Two Foreign Qualifications Recognition (FQR) stakeholder forums were held in 2014-15, engaging close to 300 stakeholders in discussions on actions to improve FQR. The forums focused on enhancing employer engagement, expanding professional regulatory organizations' (PROs') capacity to streamline pathways to professional certification, supporting the design of streamlined bridging programs for internationally trained workers, and strengthening communication and linkages among key stakeholders.

- A number of FQR Innovation Fund projects were completed and new projects were initiated in 2014-15 that will improve the licensing success for internationally educated professionals by removing barriers and increasing bridging resources to support successful licensure outcomes. Specific tools and resources such as modularized online bridging, mentorship programs and cultural integration supports all contributed to improving licensure success.

- Recognition of international educational credentials was provided by the ministry's International Qualifications Assessment Service (IQAS), which issued 9,566 assessment certificates in 2014-15. IQAS plays an important part in supporting the recognition of international education by helping immigrants access the Alberta job market, educational institutions, and PROs.

Alberta's approach to immigration

- The Alberta Immigrant Nominee Program (AINP) offers a pathway to permanent residency for eligible foreign workers already working in the province. Individuals nominated by the Government of Alberta through the AINP can apply to the federal government for a permanent resident visa as a Provincial Nominee. In 2014, the AINP issued 5,516 nominations representing 11,888 individuals (nominees along with their spouse/common law partner and dependent children) having the opportunity to become permanent residents of Canada.

- In 2014, the number of AINP applications increased substantially resulting in processing times of greater than two years. Each year, demand for the program exceeds the federal government's limit on the number of nominations which was 5,500 for 2014. The increase in applications was, in part, a result of changes made by the federal government to the Temporary Foreign Worker (TFW) program and to one of its permanent immigration streams (the Canadian Experience Class).

- In 2014-15, the ministry reached an agreement with the federal government to provide one-time relief to specific TFWs whose AINP applications were awaiting assessment. The agreement allows applicants more time to complete the nomination process, thus increasing their chances to call Alberta home permanently.

- The ministry worked with the federal government and other provinces and territories to design Express Entry, Citizenship and Immigration Canada's new immigration application management system, and promote it to employers. The new system was launched in January 2015 and enables employers to provide skilled, potential immigrants with job offers where there is no Canadian citizen or permanent resident available.

Settlement and language supports

- The Integrated Service Program (ISP) is co-managed by the ministry and Citizenship and Immigration Canada and provides funding to non-profit agencies to support the successful settlement and integration of immigrants to Alberta. More than 33,000 people were supported through the program in 2014-15. ISP services and activities increase the ability of newcomers to access opportunities, services and resources in their communities, as well as to enhance their labour market participation and economic independence.

- The ministry's Language Assessment Services program assesses English language skills for newcomers and provides information and counselling for language and skills training options to help newcomers secure jobs and stay employed. Approximately 21,000 Albertans received these language assessment services in 2014-15.

- English as a Second Language (ESL) drop-in supports provide learning opportunities to immigrants who cannot access mainstream programming. Approximately 1,500 learners received services at ESL drop-in centres across Alberta in 2014-15.

- In 2014-15, the Language Training Program Innovation Fund continued to support the community by funding innovative projects to enhance the support of English language programming and to help skilled immigrants integrate into the labour market. The intent is to provide services that help adult language learners have the opportunity to develop the language skills they need. Projects delivered in 2014-15 included online learning and supported occupational language needs. Approximately $660,000 was allocated for 12 projects.

    - One example is the Learning English with CBC initiative. Designed to help newcomers to Alberta improve their English skills, it was developed jointly by the Government of Alberta and the CBC. The initiative includes language lessons based on news stories to help immigrants prepare for living and working in Alberta. The program is available at breakthewall.alberta.ca and averages 1,000 site visits per week.

- Temporary Foreign Worker Support Services provides funding to immigrant settlement agencies to help support TFWs transition into living and working in Alberta. Services are provided through five agencies in eight communities throughout Alberta. An estimated 6,000 people accessed TFW Support Services in 2014-15.

- The Helping Immigrants Succeed Plan was developed by Jobs, Skills, Training and Labour, Citizenship and Immigration Canada, and other provincial and territorial governments, based on the National Settlement Outcomes Survey results. It will guide the ministry's work in improving services available to newcomers to improve social and economic settlement outcomes.

Labour market information

- In 2014-15, the ministry collaborated with the Petroleum Human Resources Council (a division of Enform Canada), BuildForce Canada (formerly the Construction Sector Council), and the Construction Owners Association of Alberta, to produce the Oil Sands Construction, Maintenance and Operations Labour Demand Outlook to 2023. The outlook is available at work.alberta.ca/labour/labour-market-forecasts.html. This report complements the ministry's Oil Sands Information Labour Market Analysis and Projection (OILMAP), which covers workforce requirements for on-site oil sands, power generation, pipeline and petrochemical construction, turnaround and ongoing maintenance, as well as offsite module fabrication projects. More than 70 per cent of the heavy industrial construction projects tracked by OILMAP have been re-validated since the softening of the price of oil in February 2015, making it the largest and most up-to-date comprehensive list of its kind.

- In July 2014, the ministry released the Short-Term Employment Forecast 2014-2016. The three-year forecast is updated annually. It looked at 260 occupations across the wage and skills spectrum and identified 31 occupations that are expected to be in highest demand between 2014 and 2016. The forecast helps to bridge the gap between what is currently happening in Alberta's economy and where the labour pressure points are expected to be in the longer term. It is a complementary tool to Alberta's Occupational Demand and Supply Outlook which forecasts labour shortages for the next 10 years.

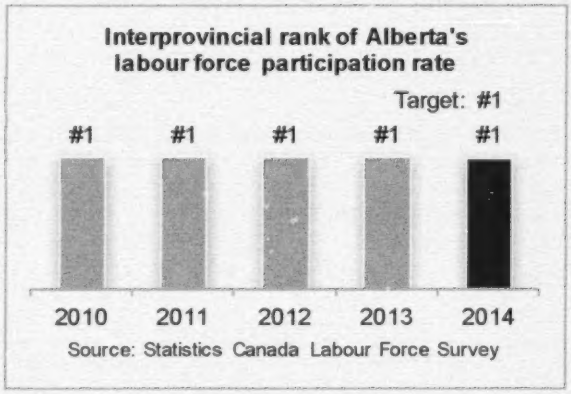
- The ministry completed phase one of a project to capture labour market information and intelligence directly from business and industry across the province. This will provide the ministry with enhanced labour market information to support its decision-making processes.

Performance Measure

1.a Interprovincial rank of Alberta's labour force participation rate

Target: #1 **Result: #1**

Alberta maintained the highest labour force participation rate in Canada in 2014 at 72.7 per cent. Though the rate decreased slightly in 2014 (from 73.1 per cent in 2013), Alberta ranks number one among all Canadian provinces, with a participation rate 3.0 percentage points higher than second-ranked Saskatchewan, at 69.7 per cent. Alberta's participation rate was significantly higher than the national labour force participation rate of 66.0 per cent.



While labour force participation has experienced a declining trend in the past few years, it does have the potential to rise as Alberta's economy continues to grow and diversify. Strategies to increase the labour force participation of under-represented groups such as Aboriginal people, persons with disabilities, and youth may also contribute to positive growth in labour force participation.

Performance Indicator

1.a Labour force participation rate of:

	2010	2011	2012	2013	2014
All Albertans	73.0%	73.6%	73.6%	73.1%	72.7%
Aboriginal Albertans living off-reserve	70.4%	67.5%	71.0%	71.9%	72.2%
Alberta's immigrant population	68.9%	70.2%	70.1%	68.4%	69.9%
Alberta youth (aged 15-24)	69.1%	69.9%	68.2%	67.9%	67.4%

Alberta's labour force participation rate decreased slightly in 2014 to 72.7 per cent from 73.1 per cent in 2013. This continues what has been a mild declining trend in the past few years. While Alberta's labour force participation rate has been decreasing, Alberta continues to rank number one among all Canadian provinces with a participation rate 3.0 percentage points higher than number two-ranked Saskatchewan.

The labour force participation rate for Aboriginal Albertans living off-reserve increased in 2014, moving from 71.9 per cent in 2013 to 72.2 per cent in 2014. This reversed what had been a declining trend in previous years and is the highest rate over the past five years. In 2014, the labour force participation rate of Aboriginal Albertans living off-reserve in Alberta was the highest in Canada. Prince Edward Island had the second highest participation rate at 70.5 per cent.

The labour force participation rate for landed immigrants in Alberta increased to 69.9 per cent in 2014 from 68.4 per cent in 2013. The labour force participation rate of landed immigrants had been decreasing in previous years, however it reversed in 2014. Alberta was one of the three provinces (including Saskatchewan and Manitoba) with the highest landed immigrant labour force participation rates over the past three years.

The labour force participation rate for Alberta youth aged 15-24 decreased in 2014 to 67.4 per cent, from 67.9 per cent in 2013. Overall, there has been a declining trend since 2008. Alberta compares positively with other provincial rates, tying for third with Quebec in 2014. The highest-ranked province in 2014 was Prince Edward Island at 69.5 per cent.

Goal 2: Alberta has safe, fair and healthy workplaces that contribute to a productive economy

Alberta's workplace legislation, policies and programs help keep workers safe and healthy, ensure that employees and employers are treated fairly, and provide a fair and balanced framework for collective bargaining. The ministry informs, promotes, monitors, and regulates employers and workers in Alberta about workplace rights and responsibilities, including labour relations, occupational health and safety, and employment standards. It encourages positive relations through effective communication, education, enforcement and dispute resolution. Workplaces that are safe, fair and healthy contribute to labour productivity, improve the quality of life for Albertans, and make Alberta a more attractive place to live and work.

Employment Standards

- Alberta's general minimum wage increased by 25 cents per hour to $10.20 and the liquor server minimum wage also increased 15 cents to $9.20 on September 1, 2014. The recommendation to increase the general minimum wage was based on the indexing policy adopted by the government in 2011, which ties increases to changes in the Consumer Price Index and Average Weekly Earnings.

- In 2014-15, 4,728 employment standards claims were received and 5,165 investigations were completed. These investigations resulted in more than $3.9 million in unpaid earnings being recovered from employers on behalf of Alberta employees.

- A provincial investigations team was established to focus on proactive inspections and prosecutions with particular attention being placed on TFWs and complex claims. It is anticipated this unit will positively influence the behaviour of employers towards a state of willing compliance with the legislated standards.

- To improve timely service to Albertans who have filed employment standards claims, a provincial case assessment unit was established to bring focus to the initial assessment, triage, and assignment of claims. This team is able to resolve 30 per cent of claims without assignment to an Employment Standards Officer for full investigation.

- In November 2014, charges were simultaneously laid under both Employment Standards and Occupational Health and Safety (OHS) legislation when a 14-year-old boy was injured on a work site. The charges included inappropriate employment of a person under 15 years of age, as well as several health and safety charges.

***Employment Standards Code* consultation**

- From March 1, 2014 to April 14, 2014, more than 4,000 individuals and organizations participated in a public consultation about Alberta's *Employment Standards Code*. The consultation, entitled *Talking about Work*, collected input from a broad cross-section of stakeholders across the province, including the general public. Results were expected to be released in 2014-15 along with amendments to the *Employment Standards Code*, however, they were not.

Work Safe Alberta

- Work Safe Alberta is a strategic framework guiding OHS actions aimed at preventing injuries, illness, and fatalities by creating a positive health and safety culture in Alberta's workplaces. Government had intended to publicly release the Work Safe Alberta framework as well as the first year's action plan in 2014-15, however, their release has been delayed.

Temporary Foreign Worker Advisory Office

- Through coordination, cooperation, and collaboration with all levels of government as well as non-government partners, the Temporary Foreign Worker Advisory Office (TFWAO) provided support and services to TFWs across the province. Primary activities include helping resolve situations involving unfair, unsafe, or unhealthy working and living conditions.
    - In 2014-15, the TFWAO provided information to 4,467 TFWs and other stakeholders through a combination of one-to-one appointments and 62 outreach presentations across Alberta. The TFWAO also made 5,398 enforcement and non-enforcement referrals to provincial, federal and non-profit partners regarding TFW concerns.

Work Right Awareness Campaign

- Work Right, a joint occupational health and safety and employment standards awareness campaign, launched in May 2014, encourages workers and employers to learn more about their rights and responsibilities and to find out about rules that apply to them. The overall goal of the campaign is to promote and instill a culture of willing, rather than forced, compliance and to change non-compliant behaviour. For more information visit, workright.alberta.ca.

Occupational Health and Safety

- In 2014-15, 9,613 inspections and re-inspections of Alberta work sites were conducted, resulting in 10,273 OHS orders issued to employers to meet and comply with safety and/or health standards as set out in the *Occupational Health and Safety Act*, Regulation and Code. In addition, 14 prosecutions for the most serious OHS infractions were undertaken with fine amounts ranging from $4,000 to $325,000, for a total of $1,500,000.

- Recognizing the increasing prevalence of occupational diseases, many of which are manifesting themselves now as a result of poor safety standards decades ago, an enhanced role for the Director of Medical Services was established in 2014-15. The director will identify, acquire, and interpret relevant medical information of workers for the prevention of illness and injuries in the workplace and provide assistance in the investigation of workplace incidents.

- The residential construction sector was the subject of a focused OHS campaign in 2014. During the campaign, which ran from June 1 through September 30, OHS activities were expanded to include additional inspections on weekends and evenings. These additional hours resulted in 126 OHS orders being issued and nine OHS tickets being issued.

- In April 2014, enhancements were made to the Employer Records website, making it easier for Albertans to find OHS information about Alberta employers. The enhancements made more data available and provided greater transparency and accountability. The site offers data on all Alberta companies with Workers' Compensation Board accounts, including: the number of lost-time claims (LTC), number of workers, disabling injury rate (DIR), number of fatalities, and whether the employer holds a Certificate of Recognition, plus industry and province-wide LTC and DIR for comparison. The site which contains data sortable back to 2008 is a valuable source of information for researchers and other interested parties and can be accessed at work.alberta.ca/employerrecords.

- An OHS Futures research funding program was launched in August 2014. Twenty-one grant applications were received under the program, and nine applications were approved for funding. Research projects will investigate concerns such as health effects of workplace exposures, work-related psychosocial hazards and other physical workplace risks. Some areas of focus will include: bakery workers, welders, child and family services workers and truck drivers.

Occupational Health and Safety Code consultation

- Updates to the OHS Code are made on a five-year cycle. Updates reflect feedback received from workers and employers, industry, labour and health and safety associations and members of the public. A public consultation on proposed changes to the OHS Code occurred between November 2014 and January 2015.

Labour Relations

- In 2014-15, 99.7 per cent of collective bargaining agreements were negotiated without a strike or lockout. Of the 328 collective agreements, 240 were negotiated by the parties, 87 were concluded in mediation with the assistance of a ministry-appointed mediator and there was one strike/lockout that resulted in the collective bargaining relationship ending.

Alberta Labour Relations Board (ALRB)

- In 2014-15, the ALRB conducted 492 hearings and released a broad range of decisions interpreting different aspects of Alberta's labour legislation, including new and emerging issues. The number of certification applications received by the ALRB grew by 47 per cent from 90 in 2013-14 to 132 in 2014-15. The ALRB continues to ensure matters are set for hearing on a priority basis. In the case of certification applications, the average number of calendar days from receipt of the application to the hearing was 16.5 days.

- In 2014-15, the ALRB saw an increase of 36 per cent, from 44 in 2013-14 to 60 in 2014-15, in the number of Duty of Fair Representation complaints. These complaints are filed by employees or former employees who feel their union has not fairly represented them with respect to a grievance under their collective agreement.

Appeals Commission for Alberta Workers' Compensation

- In 2014-15, the Appeals Commission received 959 appeals. The average number of days from the date the appeal was filed to the first hearing date offered was 157, and the average number of days from the hearing date to the decision issued date was 31. A total of 991 initial appeals were concluded, with 149 decisions being submitted to the Appeals Commission's reconsideration process, the Court of Queen's Bench, the Court of Appeal, or the Alberta Ombudsman. Of those, nine were overturned.

- In 2014-15, the Appeals Commission continued its work to recruit and develop new commissioners, hiring two new full-time hearing chairs and establishing ad hoc hearing chairs from part-time appeals commissioners.

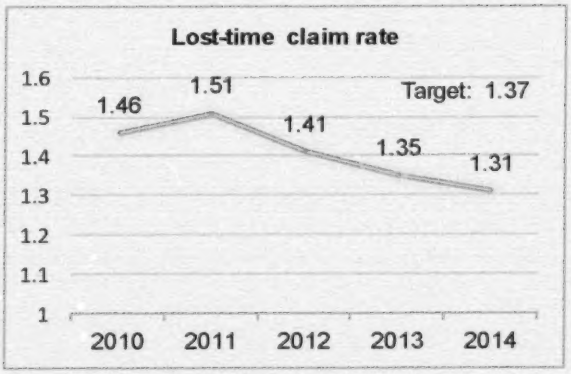
- To improve efficiency and reduce costs associated with the management of large paper files, the Appeals Commission and the Workers' Compensation Board – Alberta (WCB) moved to an electronic exchange of documentation. Beginning in 2014-15, 100 per cent of the requests to and from the Appeals Commission to the WCB were sent and received electronically, resulting in greater efficiency.

- On September 23, 2014, the Edmonton office relocated to the 11th floor of the Standard Life Centre at 10405 Jasper Avenue. The office's central downtown location increases proximity to major bus routes and the LRT. The new office also improves accessibility for persons with disabilities and its design encourages collaboration and efficient workflows.

Performance Measures

2.a Lost-time claim rate: Number of lost-time claims per 100 person-years worked

Target: 1.37 Result: 1.31



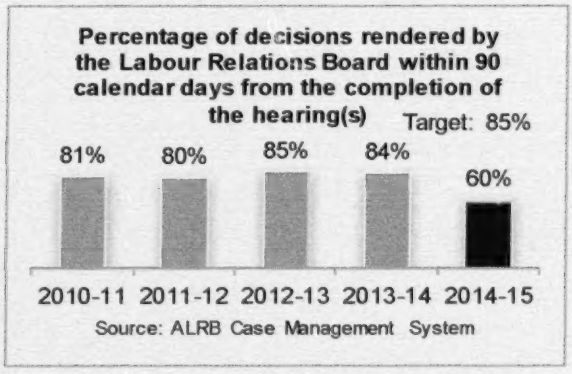
Levels of safety in Alberta as measured by the Lost-time Claim Rate (LTCR) improved in 2014. The LTCR decreased to 1.31 in 2014 from 1.35 in 2013. With the exception of 2011, the LTCR has seen a definitive decrease since 2007. There are many factors that influence the LTCR, including efforts by employers to implement safety programs, attitudes of workers and external forces arising from the economic cycle. For example, economic prosperity usually brings a large number of inexperienced workers into workplaces.

In addition to these external factors, the ministry has many workplace initiatives that contribute to the result for this measure. The ministry strives to focus on employers who have high rates of injury and disease, and works with them to improve performance and their safety management systems.

Additionally, the ministry has many programs that promote safe practices in the workplace. These include issuing Certificates of Recognition to employers who develop health and safety programs that meet established standards, and the Work Safe Alberta initiative which, in consultation with industry and labour groups, is designed to reduce work-related injuries, illnesses and fatalities. The ministry has been enhancing OHS compliance by focusing inspection efforts on those employers that would benefit most from direct intervention, issuing administrative penalties and ticketing employers and employees for unsafe work practices, and implementing new service delivery models to achieve higher levels of consistency across the province. The ministry also executes various marketing campaigns designed to promote safety in addition to providing educational materials on how to work safely and stay healthy on the job.

2.b Percentage of decisions rendered by the Labour Relations Board within 90 calendar days from the completion of the hearing(s)

Target: 85% Result: 60%



This performance measure reflects the ALRB's commitment to issue decisions in a timely fashion. In 2014-15, 60 per cent of decisions were rendered within 90 calendar days from the completion of the hearings.

The scheduling of hearings is based on the applications received, the availability of adjudicators, urgent matters, and procedural timelines. In 2014-15, the ALRB saw a significant increase in both the number of hearings (492 compared to 386 in 2013-14) and the number of hearing hours sat for adjudicators (925 compared to 682 in 2013-14). Due to staffing constraints, it is not possible to set out a regular schedule of hearing and writing times. Therefore, when there is an increase in the number of hearings and number of hearing hours sat, as there was in 2014-15, the time available to write decisions is substantially impacted.

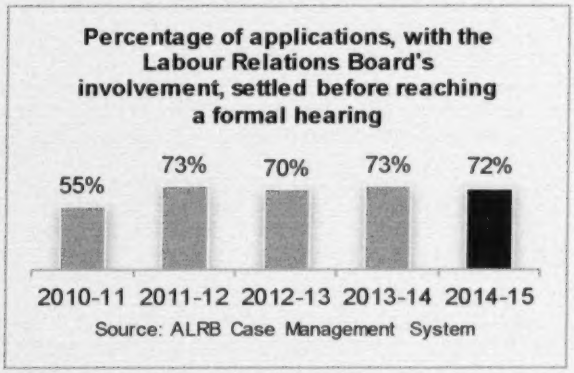
In addition, there was an increase in the complexity of matters that came before the ALRB. For example, many applications had multiple parties and witnesses involved. Adversarial relationships between parties resulted in an increase in case management requirements, interim relief requests, and summary dismissal applications. Some initial applications evolved into multiple unfair labour practice complaints. In 2014-15, the ALRB also saw a significant increase in the number of Duty of Fair Representation complaints it received (60 in 2014-15, compared to 44 in 2013-14) and certification applications (from 90 in 2013-14 to 132 in 2014-15). Duty of Fair Representation complaints are more complex and require additional adjudication time. The above factors resulted in less writing time available for the adjudicators, which resulted in the missed target.

Performance Indicator

2.a Percentage of applications, with the Labour Relations Board's involvement, settled before reaching a formal hearing

This performance indicator reflects the ALRB's commitment to promoting informal settlement options to assist parties in resolving their disputes outside the formal hearing process. In 2014-15, 72 per cent of applications with the ALRB's involvement were settled before reaching a formal hearing.

The number of applications settled outside of the formal adjudication process is impacted by the nature of matters received by the ALRB. For example, adversarial relations between parties may result in less willingness to participate in the ALRB's resolution conference option.



Additionally, the type of matters received by the ALRB can influence the result for this measure. For example, Unfair Labour Practice (UFLP) complaints lend themselves to informal settlement. An increase in the percentage of UFLP complaints received can translate into an increased number of matters resolved before reaching a formal hearing. The availability of officers or adjudicators to resolve matters also impacts this performance indicator.

Financial Information

Financial Statements

Independent Auditor's Report

Financial Statements: Workers' Compensation Board – Alberta

Financial Statements

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
FINANCIAL STATEMENTS
Year ended March 31, 2015

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Revenues

Schedule 2 – Credit or Recovery

Schedule 3 – Expenses – Directly Incurred Detailed by Object

Schedule 4 – Budget Reconciliation

Schedule 5 – Lapse/Encumbrance

Schedule 6 – Lottery Fund Estimates

Schedule 7 – Salary and Benefits Disclosure

Schedule 8 – Related Party Transactions

Schedule 9 – Allocated Costs

AUDITOR GENERAL *Alberta*

Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Financial Statements
I have audited the accompanying financial statements of the Ministry of Jobs, Skills, Training and Labour, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Jobs, Skills, Training and Labour as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 5, 2015

Edmonton, Alberta

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
STATEMENT OF OPERATIONS
Year ended March 31, 2015

	2015		2014
	Constructed Budget (Schedule 4)	Actual	Actual
		(in thousands)	
Revenues (Schedule 1)			
Government Transfers			
Canada Alberta Job Fund	$ -	$ 13,528	$ -
Labour Market Agreement	-	-	5,393
Labour Market Development Agreement	946	1,719	1,754
Other Transfers	1,687	1,212	-
Premiums, Fees and Licences	585	1,325	615
Other Revenue	52,646	50,357	55,592
	55,864	68,141	63,354
Expenses – Directly Incurred (Notes 2(b) and Schedules 3, 5 and 8)			
Program			
Ministry Support Services	4,778	8,704	2,744
Workforce Strategies	91,033	70,684	65,891
Safe, Fair and Healthy Workplaces	55,808	56,875	53,098
Labour Relations Board	3,199	3,183	3,139
Appeals Commission for Alberta Workers' Compensation	12,079	12,115	10,949
	166,897	151,561	135,821
Net Operating Results	$ (111,033)	$ (83,420)	$ (72,467)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
STATEMENT OF FINANCIAL POSITION
As at March 31, 2015

	2015	2014
	(in thousands)	
Assets		
Cash	$ 1	$ -
Accounts Receivable (Note 3)	4,050	5,517
Prepaid Expenses	21	-
Tangible Capital Assets (Note 4)	4,548	5,851
	$ 8,620	$ 11,368
Liabilities		
Accounts Payable and Accrued Liabilities	$ 16,693	$ 11,536
Deferred Revenue (Note 5)	5,190	4,007
	$ 21,883	$ 15,543
Net Liabilities		
Net Liabilities at Beginning of Year	$ (4,175)	$ (1,875)
Adjustment to Opening Net Liabilities[1]	123	-
Net Operating Results	(83,420)	(72,467)
Net Financing Provided from General Revenues	74,209	70,167
Net Liabilities at End of Year	$ (13,263)	$ (4,175)
	$ 8,620	$ 11,368

Contingent Liabilities and Contractual Obligations (Notes 6 and 7)

The accompanying notes and schedules are part of these financial statements.

(1) Adjustment to opening net liabilities includes non-grant transfer of tangible capital assets from Human Services ($123).

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
STATEMENT OF CASH FLOWS
Year ended March 31, 2015

	2015	2014
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (83,420)	$ (72,467)
Non-cash Items Included in Net Operating Results		
Amortization (Note 4)	1,819	1,579
Write-down of Tangible Capital Asset	366	-
	(81,235)	(70,888)
Decrease in Accounts Receivable	1,467	7,443
(Increase) in Prepaid Expenses	(21)	-
Increase in Accounts Payable and Accrued Liabilities	5,157	1,439
Increase (Decrease) in Unearned Revenue	1,183	(6,081)
Cash (Applied to) Operating Transactions	(73,449)	(68,087)
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 4)	(759)	(2,085)
Financing Transactions		
Net Financing Provided from General Revenues	74,209	70,167
Increase (Decrease) in Cash and Cash Equivalents	1	(5)
Cash and Cash Equivalents at Beginning of Year	-	5
Cash and Cash Equivalents at End of Year	$ 1	$ -

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Jobs, Skills, Training and Labour operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Ministry of Jobs, Skills, Training and Labour provides supports to meet the needs of both employees and employers. Work focuses on building a skilled workforce for the jobs of today as well as tomorrow, and maintaining safe, fair and healthy workplaces.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Ministry of Jobs, Skills, Training and Labour for which the Minister of Jobs, Skills, Training and Labour is accountable. The other entity reporting to the minister is the Workers' Compensation Board (WCB). The activities of the WCB are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenue
All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer or the stipulations together with the ministry's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual Credit or Recovery amounts exceed budget, the ministry may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the Ministry's Credit or Recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

Grants are recognized as expenses when authorized, eligibility criteria are met and a reasonable estimate of the amounts can be made.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets;
- pension costs, which are the cost of employer contributions for current service of employees during the year; and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Incurred by Others

Services contributed by other entities in support of the ministry operations are not recognized and are disclosed in Schedule 8 and allocated to programs in Schedule 9.

Cash and Cash Equivalents

Cash includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the ministry.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Assets acquired by right are not included.

Tangible capital assets of the ministry are recorded at historical cost and are amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recorded at their fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Net Liabilities

Net liabilities represents the difference between the carrying value of assets held by the ministry and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The ministry operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

(c) Future Accounting Changes

PS 3450 Financial Instruments

In June 2011 the Public Sector Accounting Board issued this accounting standard and subsequently extended the effective date to April 1, 2016 from April 1, 2015.

The ministry has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

PS 2200 Related Party Disclosures and PS 3420 Inter-entity Transactions

In March 2015 the Public Sector Accounting Board issued PS 2200 – Related party disclosures and PS 3420 – Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017.

• PS 2200 – Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.

• PS 3420 – Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Management is currently assessing the impact of these new standards on the financial statements.

NOTE 3 ACCOUNTS RECEIVABLE

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2015			2014
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 4,050	$ -	$ 4,050	$ 5,517

NOTE 4 TANGIBLE CAPITAL ASSETS

(in thousands)

	Equipment[1]	Computer Hardware and Software	2015 Total	2014 Total
Estimated Useful Life	3-40 years	3-10 years		
Historical Cost				
Beginning of Year	$ 134	$ 11,295	$ 11,429	$ 10,064
Additions[2]	592	290	882	2,085
Disposals, Including Write-Downs	-	(366)	(366)	(720)
	726	11,219	11,945	11,429
Accumulated Amortization				
Beginning of Year	16	5,562	5,578	4,719
Amortization Expense	26	1,793	1,819	1,579
Effect of Disposals	-	-	-	(720)
	42	7,355	7,397	5,578
Net Book Value at March 31, 2015	$ 684	$ 3,864	$ 4,548	
Net Book Value at March 31, 2014	$ 118	$ 5,733		$ 5,851

(1) Equipment includes office equipment and furniture, and other equipment.
(2) Additions include non-grant transfer of tangible capital assets from Human Services ($123).

NOTE 5 DEFERRED REVENUE

(in thousands)

	2015	2014 (Restated)
Balance, beginning of year	$ 4,007	$ 10,088
Received/receivable during the year	2,831	1,357
Less amounts recognized as revenue	(1,648)	(7,438)
Balance, end of year	$ 5,190	$ 4,007

NOTE 6 CONTINGENT LIABILITIES

(in thousands)

The ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The ministry has been named in 13 (2014 restated: 11) claims of which the outcome is not determinable. Of these claims, 12 (2014 restated: 11) have specified amounts totalling $45,096 (2014 restated: $44,871). The remaining one (2014: zero) claim has no amount specified. Included in the total claims, 10 claims totalling $29,866 (2014 restated: $29,866) are covered in whole by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

NOTE 7 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2015	2014
Obligations under Operating Leases, Contracts and Programs	$ 3,962	$ 6,863

Estimated payment requirements for each of the next two years are as follows:

Obligations under Operating Leases, Contracts and Programs	Total
2015-16	$ 2,770
2016-17	1,192
	$ 3,962

NOTE 8 BENEFIT PLANS

(in thousands)

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $9,378 for the year ended March 31, 2015 (2014 – $8,024). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2014, the Management Employees Pension Plan reported a surplus of $75,805 (2013 – surplus $50,457), the Public Service Pension Plan reported a deficiency of $803,299 (2013 – deficiency $1,254,678) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $17,203 (2013 – deficiency $12,384).

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2015, the Bargaining Unit Plan reported an actuarial surplus of $86,888 (2014 – surplus $75,200) and the Management, Opted Out and Excluded Plan an actuarial surplus of $32,343 (2014 – surplus $24,055). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 9 TRUST FUND UNDER ADMINISTRATION

(in thousands)

The ministry administers a trust fund that is a regulated fund consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the fund and administers it for the purposes described below, it is not included in the ministry's financial statements.

At March 31, 2015, the trust fund under administration was as follows:

	2015	2014
Employment Standards Trust Fund	$ 883	$ 1,044

NOTE 10 COMPARATIVE FIGURES

Certain 2014 figures have been reclassified to conform to the 2015 presentation.

NOTE 11 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
REVENUES
Year ended March 31, 2015

	2015		2014
	Constructed Budget	Actual	Actual
		(in thousands)	
Government Transfers			
Canada Alberta Job Fund	$ -	$ 13,528	$ -
Labour Market Agreement	-	-	5,393
Labour Market Development Agreement	946	1,719	1,754
Other Transfers	1,687	1,212	-
	2,633	16,459	7,147
Premiums, Fees and Licences	585	1,325	615
Other Revenue			
Refunds of Expenditures	-	201	5,727
Appeals Commission for Alberta Workers' Compensation	12,279	11,881	10,437
Workers' Compensation Medical Panels	315	304	293
Occupational Health and Safety	40,052	37,858	39,045
Other	-	113	90
	52,646	50,357	55,592
Total Revenues	$ 55,864	$ 68,141	$ 63,354

Schedule 2

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
CREDIT OR RECOVERY
Year ended March 31, 2015

	2015				
	Authorized [2]	Actual Revenue Recognized	Deferred Revenue	Actual Cash/ Donation Received/ Receivable	(Shortfall)/ Excess[1]
	(in thousands)				
Occupational Health and Safety	$ 39,692	$ 37,686	$ (1,353)	$ 36,333	$ (2,006)
Internationally Educated Professionals	1,212	1,212	-	1,212	-
International Educational Assessment Services	525	970	(295)	675	445
International Educational Assessment Services - Expansion	600	-	-	-	(600)
	42,029	39,868	(1,648)	38,220	(2,161)
Occupational Health and Safety Capital	360	172	-	172	(188)
	360	172	-	172	(188)
	$ 42,389	$ 40,040	$ (1,648)	$ 38,392	$ (2,349)

(1) Shortfall is deducted from current year's authorized spending, as disclosed in Schedule 5 to the financial statements.

(2) The authorized spending for credits or recoveries is updated for Treasury Board approvals (Treasury Board Minute 49/2014). Only expenditures are authorized.

Occupational Health and Safety recovery, under the agreement with the Workers' Compensation Board (WCB), is for the purpose of defraying part of the costs of administering the Occupational Health and Safety Act.

Internationally Educated Professionals is for the purpose of developing options for removing barriers to licensure and employment and facilitating labour market entry and professional growth for internationally educated professionals.

International Educational Assessment Services is for the purpose of providing international educational assessment services for immigrants seeking employment and/or education in Alberta.

Schedule 3

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2015

	2015		2014
	Constructed Budget	Actual	Actual
		(in thousands)	
Salaries, Wages and Employee Benefits	$ 86,692	$ 80,485	$ 71,551
Supplies and Services	35,185	23,276	21,206
Supplies and Services from Support Service Arrangements with Related Parties[1]	-	2,899	74
Grants	44,852	42,642	41,411
Amortization of Tangible Capital Assets	100	1,819	1,579
Other	68	440	-
Total Expenses	$ 166,897	$ 151,561	$ 135,821

(1) The ministry receives Human Resources, Information Management and Technology, and Administrative services from the Ministry of Innovation and Advanced Education.

Schedule 4

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
BUDGET RECONCILIATION
Year ended March 31, 2015

	2014-15 Estimates	Adjustments to Conform to Accounting Policy	2014-15 Constructed Budget
		(in thousands)	
Revenues			
Government Transfers			
Canada Alberta Job Fund	$ -	$ -	$ -
Labour Market Agreement	-	-	-
Labour Market Development Agreement	946	-	946
Other Transfers	1,687	-	1,687
Premiums, Fees and Licences	585	-	585
Other Revenue	52,646	-	52,646
	55,864	-	55,864
Expenses – Directly Incurred			
Ministry Support Services	4,778	-	4,778
Workforce Strategies	91,033	-	91,033
Safe, Fair and Health Workplaces	55,808	-	55,808
Labour Relations Board	3,199	-	3,199
Appeals Commission for Alberta Workers' Compensation	12,079	-	12,079
	166,897	-	166,897
Net Operating Results	$ (111,033)	$ -	$ (111,033)
Capital Spending	$ 660	$ -	$ 660
Financial Transactions	$ -	$ -	$ -

Schedule 5

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2015

	Voted Estimates[1]	Supplementary Estimate	Adjust-ments[2]	Adjusted Voted Estimates	Voted Actuals[3]	Unexpended (Over Expended)
			(in thousands)			
Program – Operational						
Ministry Support Services						
1.1 Minister's Office	$ 670	$ -	$ -	$ 670	$ 632	$ 38
1.2 Deputy Minister's Office	650	-	-	650	635	15
1.3 Human Resources	731	-	404	1,135	1,657	(522)
1.4 Corporate Services	2,452	-	3,128	5,580	4,959	621
1.5 Communications	275	-	468	743	650	93
	4,778	-	4,000	8,778	8,533	245
Workforce Strategies						
2.1 Program Support	3,407	-	-	3,407	3,157	250
2.2 Learning Information	2,021	-	343	2,364	1,840	524
2.3 Settlement and Integration	8,351	-	631	8,982	9,034	(52)
2.4 Business and Industry Partnerships	1,069	-	1,338	2,407	2,902	(495)
2.5 Aboriginal Development Partnership	652	-	2,800	3,452	3,312	140
2.6 Policy and Labour Market Information	6,672	-	715	7,387	5,764	1,623
2.7 Labour Attraction and Retention	40,037	-	1,084	41,121	31,340	9,781
2.8 Labour Qualifications and Mobility	7,224	-	600	7,824	6,370	1,454
2.9 Labour Market Programs	21,600	-	(12,711)	8,889	6,293	2,596
	91,033	-	(5,200)	85,833	70,012	15,821

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2015

	Voted Estimates[1]	Supplementary Estimate	Adjust-ments[2]	Adjusted Voted Estimates	Voted Actuals[3]	Unexpended (Over Expended)
			(in thousands)			
Safe, Fair and Healthy Workplaces						
3.1 Medical Panels for Alberta Workers' Compensation	$ 315	$ -	$ -	$ 315	$ 304	$ 11
3.2 Labour Relations	1,938	-	-	1,938	1,774	164
3.3 Occupational Health and Safety	39,692	-	-	39,692	37,686	2,006
3.4 Employment Standards	13,863	-	1,300	15,163	14,507	656
	55,808	-	1,300	57,108	54,271	2,837
4. **Labour Relations Board**	3,199	-	-	3,199	3,126	73
5. **Appeals Commission for Alberta Workers' Compensation**	11,979	-	-	11,979	11,667	312
Credit or Recovery (Shortfall) (Schedule 2)	-	-	-	-	-	(2,161)
Total	$ 166,797	$ -	$ 100	$ 166,897	$ 147,609	$ 17,127
Lapse/(Encumbrance)						$ 17,127
Program - Capital						
1 Ministry Support Services	$ -	$ -	$ -	$ -	$ 6	$ (6)
2 Workforce Strategies	-	-	500	500	367	133
3 Safe, Fair and Healthy Workplaces	360	-	(145)	215	172	43
5. Appeals Commission for Alberta Workers' Compensation	300	-	-	300	214	86
Credit or Recovery (Shortfall) (Schedule 2)	-	-	-	-	-	(188)
Total	$ 660	$ -	$ 355	$ 1,015	$ 759	$ 68
Lapse/(Encumbrance)						$ 68

(1) As per "Operational Vote by Program" and "Capital Vote by Program" page 150 of 2014-15 Government Estimates.
(2) Adjustments include encumbrances and credit or recovery increases approved by Treasury Board. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding Voted Estimate in the current year.
(3) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

Schedule 6

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
LOTTERY FUND ESTIMATES
Year ended March 31, 2015

	2014-15 Lottery Fund Estimates	2014-15 Actual	Unexpended (Over Expended)
		(in thousands)	
Workforce Strategies			
2.3 Settlement and Integration	$ 4,574	$ 4,574	$ -
	$ 4,574	$ 4,574	$ -

The revenue of the Lottery Fund was transferred to the Department of Treasury Board and Finance on behalf of the General Revenue Fund in 2014-15. Having been transferred to the General Revenue Fund, these monies then become part of the ministry's supply vote. This table shows details of the initiatives within the ministry that are funded by the Lottery Fund and compares it to the actual results.

Schedule 7 (a)

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE - DEPARTMENT
Year ended March 31, 2015

	2015				2014
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Senior Officials					
Deputy Minister[4] [5]	$ 282,750	$ -	$ 61,606	$ 344,356	$ 74,000[6]
Executives					
Assistant Deputy Minister, Safe, Fair and Healthy Workplace	184,547	-	46,309	230,856	225,000
Assistant Deputy Minister, Workforce Strategies[5]	219,488[7]	-	56,418	275,906	232,000
Senior Financial Officer	161,068	-	41,717	202,785	39,000[8]

(1) Base salary includes regular salary and earnings such as acting pay.
(2) Other cash benefits include vacation payout and lump sum payments. There were no bonuses paid in 2015.
(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.
(4) Automobile provided, no dollar amount included in other non-cash benefits.
(5) The position was occupied by two individuals at different times during the year.
(6) The 2014 total was for period from December 18, 2013 to March 31, 2014.
(7) The base salary includes acting Deputy Minister pay from December 18, 2013 to March 31, 2014.
(8) The 2014 total was for period from January 27, 2014 to March 31, 2014.

Schedule 7 (b)

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE – LABOUR RELATIONS BOARD
Year ended March 31, 2015

	2015				2014
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Senior Officials					
Chair[4] [5]	$ 270,000	$ -	$ 9,568	$ 279,568	$ 276,000
Executives					
Vice Chair	166,070	-	3,419	169,489	197,000
Vice Chair	166,070	-	42,533	208,603	210,000
Vice Chair	166,070	-	40,454	206,524	68,000[6]
Executive Director	150,910	-	40,486	191,396	179,000

(1) Base salary includes regular salary and earnings such as acting pay.
(2) Other cash benefits include vacation payout and lump sum payments. There were no bonuses paid in 2015.
(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.
(4) Automobile provided, no dollar amount included in other non-cash benefits.
(5) Salary includes pay in lieu of benefits.
(6) The 2014 total was for period from December 9, 2013 to March 31, 2014.

Schedule 7 (c)

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE – APPEALS COMMISSION FOR ALBERTA WORKERS' COMPENSATION
Year ended March 31, 2015

	2015				2014
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Senior Officials					
Chief Appeals Commissioner[4]	$ 239,726	$ -	$ 6,301	$ 246,027	$ 248,000
Full Time Appeals Commissioners[5]	3,312,411	-	658,143	3,970,554	3,570,000
Temporary Appeals Commissioners[6]	1,255,930	-	-	1,255,930	1,111,000

(1) Base salary includes regular salary and earnings such as acting pay.
(2) Other cash benefits include vacation payout and lump sum payments. There were no bonuses paid in 2015.
(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.
(4) Automobile provided, no dollar amount included in other non-cash benefits.
(5) Full Time Commissioners consist of twenty-four individuals.
(6) Temporary Commissioners consist of forty-four part time individuals.

Schedule 8

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2015
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Department.

The ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this schedule.

The ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2015	**2014**
Expenses – Directly Incurred		
Grants	$ 20,133	$ 21,362
Other services	1,266	782
	$ 21,399	$ 22,144
Tangible Capital Assets Transferred In (Out)	$ 123	$ -
Payable to	$ (116)	$ (298)
Receivable from	$ -	$ 2,333
Contractual Obligations	$ -	$ 53

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2015
(in thousands)

The ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 9.

	Other Entities	
	2015	2014 (Restated)
Expenses – Incurred by Others		
Accommodation	$ 5,070	$ 1,333
Legal Services	1,450	895
Business Services	968	553
	$ 7,488	$ 2,781

Schedule 9

MINISTRY OF JOBS, SKILLS, TRAINING AND LABOUR
SCHEDULE TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2015
(in thousands)

	2015					2014 (Restated)
		Expenses – Incurred by others				
Program	Expenses[1]	Accommodation[2]	Legal Services[3]	Business Services[4]	Total Expenses	Total Expenses
Ministry Support Services	$ 8,704	$ 309	$ 278	$ 64	$ 9,355	$ 3,040
Workforce Strategies	70,684	1,704	154	292	72,834	66,489
Safe, Fair and Healthy Workplaces	56,875	2,882	1,018	494	61,269	54,744
Labour Relations Board	3,183	175	-	30	3,388	3,204
Appeals Commission for Alberta Workers' Compensation	12,115	-	-	88	12,203	11,125
	$ 151,561	$ 5,070	$ 1,450	$ 968	$ 159,049	$ 138,602

(1) Expenses – Directly Incurred as per Statement of Operations.
(2) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 8, allocated by the number of employees per program.
(3) Costs shown for Legal Services on Schedule 8, allocated by estimated costs incurred by each program.
(4) Costs shown for Business Services include IT support, vehicles, air transportation and other services on Schedule 8, allocated by the number of employees per program.

WCB-Alberta

Consolidated Financial Statements and Notes

For the year ended December 31, 2014

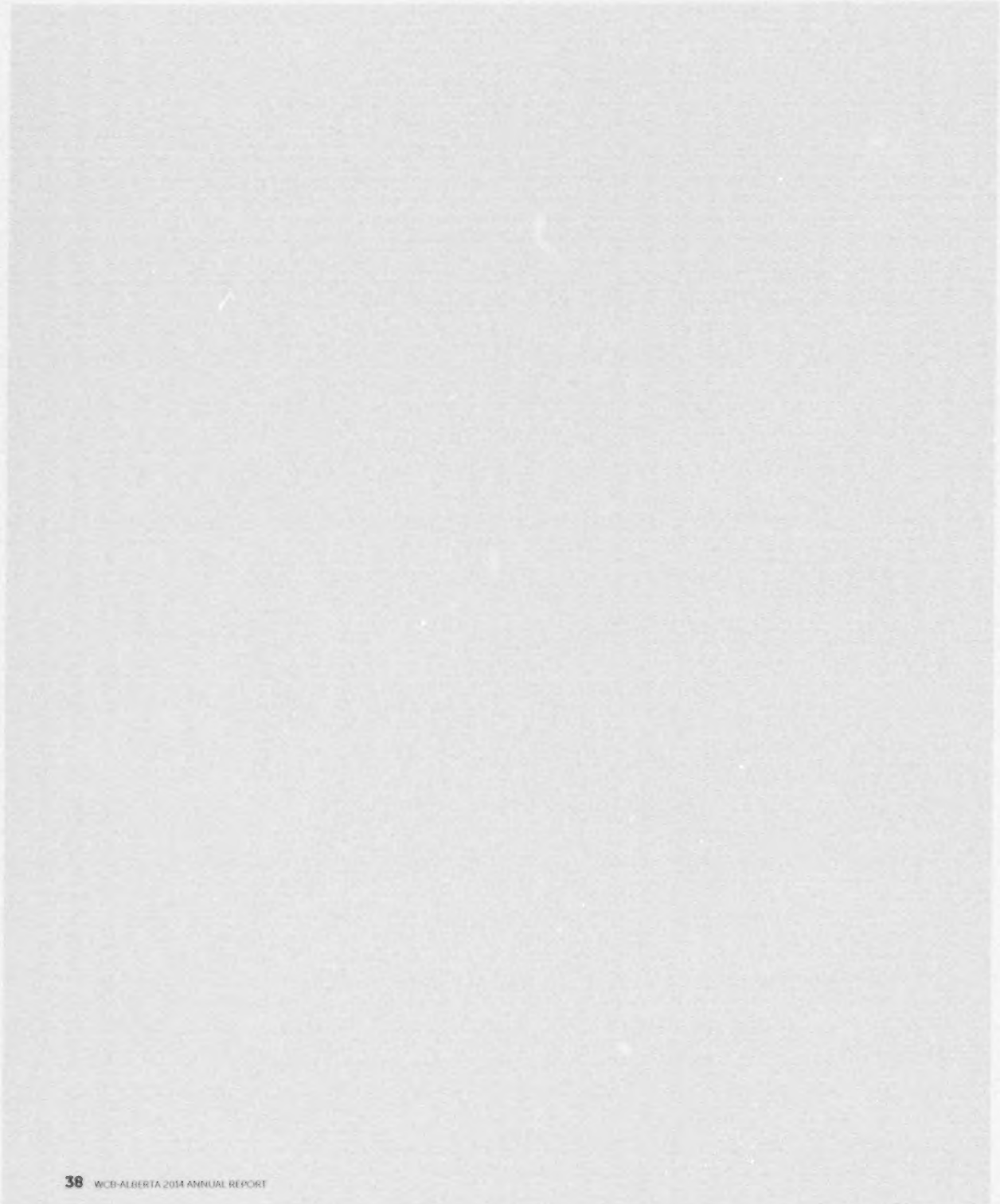
39 **Responsibility for Financial Reporting**
40 **Independent Auditor's Report**
41 **Actuarial Statement of Opinion**

Consolidated Financial Statements

42 **Statement of Financial Position**
43 **Statement of Comprehensive Income**
44 **Statement of Changes In Funded Position**
45 **Statement of Cash Flows**

Notes to the Consolidated Financial Statements

46 1. Reporting Entity
46 2. Significant Accounting Policies
48 3. Accounting Policy Changes
49 4. Funding
50 5. Investments
53 6. Investment Risk Management
56 7. Property, Plant and Equipment
58 8. Intangible Assets
59 9. Lease and Other Commitments
60 10. Employee Benefits
63 11. Claim Benefit Liabilities
67 12. Claim Benefit Risks
68 13. Premium Revenue
69 14. Claims and Claims Management Expenses
70 15. Administration Expense
71 16. Investment Income and Expense
72 17. Related Party Transactions
73 18. Contingencies and Indemnification
74 19. Supplemental Information



Responsibility for Financial Reporting

The consolidated financial statements of the Workers' Compensation Board – Alberta were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting principles consistent with International Financial Reporting Standards.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The effectiveness of controls over financial reporting was assessed and found to provide reasonable assurance that internal controls at December 31, 2014 operated effectively with no material weaknesses in the design or operation of the controls.

The Board of Directors is responsible for overseeing management in the performance of financial reporting responsibilities and has approved the consolidated financial statements included in the annual report.

The Board of Directors is assisted in its responsibilities by its Audit Committee. This committee reviews and recommends approval of the consolidated financial statements and meets periodically with management, internal and external auditors, and actuaries concerning internal controls and all other matters relating to financial reporting.

Eckler Ltd. has been appointed as the independent consulting actuary to the WCB. Their role is to complete an independent actuarial valuation of the claim benefit liabilities included in the consolidated financial statements of the WCB and to report thereon in accordance with generally accepted actuarial practice.

The Office of the Auditor General, the independent auditor of the WCB, has performed an independent audit of the consolidated financial statements of the WCB in accordance with Canadian generally accepted auditing standards. The Independent Auditor's Report outlines the scope of this independent audit and the opinion expressed.

[Original signed by]

Bob Normand
Chair, Board of Directors
Workers' Compensation Board – Alberta

[Original signed by]

Guy R. Kerr
President & Chief Executive Officer
Workers' Compensation Board – Alberta

[Original signed by]

Ron J. Helmhold, FCA
Chief Financial Officer
Workers' Compensation Board – Alberta

Independent Auditor's Report

AUDITOR GENERAL Alberta

To the Board of Directors of the Workers' Compensation Board – Alberta

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Workers' Compensation Board – Alberta, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of comprehensive income, changes in funded position and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Workers' Compensation Board – Alberta as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General
April 30, 2015
Edmonton, Alberta

Eckler
CONSULTANTS + ACTUARIES

Actuarial Statement of Opinion

on the Valuation of the Benefit Liabilities of the Workers' Compensation Board – Alberta as at December 31, 2014

I have completed the actuarial valuation of the benefit liabilities of the Workers' Compensation Board – Alberta (WCB) for the consolidated financial statements of the WCB as at December 31, 2014 (the "valuation date").

In my opinion, the actuarial liabilities of $6,629.8 million make reasonable provision for future payments for short term disability, vocational rehabilitation, long term disability, survivor and health care benefits with respect to claims which occurred on or before the valuation date, and for all occupational disease claims expected to arise after the valuation date as a result of exposures incurred in the workplace on or before the valuation date in respect of occupational diseases with a long latency period that are recognized by the WCB. This amount provides for future claim administration costs, but does not include a provision for benefits and payments that are on a self-insured basis.

The valuation was based on the provisions of the *Workers' Compensation Act* of Alberta and on the WCB's policies and administrative practices in effect at the time of the valuation.

The data on which the valuation is based were provided by the WCB; I applied such checks of reasonableness of the data as I considered appropriate, and have concluded that the data are sufficiently reliable to permit a realistic valuation of the liabilities and that the data are consistent with WCB's consolidated financial statements. In my opinion, the data on which the valuation is based are sufficient and reliable for the purpose of the valuation.

The economic assumptions adopted for purposes of computing the liabilities are consistent with the WCB's funding and investment policies. For this valuation, an annual real rate of return of 2.75% was used to discount expected payments subject to inflation, a change from the 2.00% for 2015 and 2016 and 3% thereafter in the previous valuation. Other economic assumptions underlying the calculations include annual changes in the Consumer Price Index (CPI) of 2.50%, increase for benefits subject to Cost of Living Adjustments at CPI minus 0.50%, as well as health care costs and vocational rehabilitation benefits assumed to grow at annual rates of 5.00% and 3.50% respectively. In my opinion, the assumptions are appropriate for the purpose of the valuation.

The assumptions and methods employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. Projections of future claim payments and awards have been made using factors developed from the WCB's claims experience, mortality and other assumptions. In my opinion, the methods employed in the valuation are appropriate for the purpose of the valuation.

Changes to the actuarial basis (i.e. actuarial assumptions and methods) caused liabilities to increase by $62.2 million. Changes to the assumption on real rate of return represented an increase of $80.2 million, changes to mortality assumptions represented an increase of $87.5 million, changes for valuing economic loss payments represented a decrease of $60.8 million, changes to the methodology and assumptions for the valuation of outstanding survivor awards represented a decrease of $20.2 million, changes to demographic assumptions represented a decrease of $17.0 million and calculation refinements decreased liabilities by $7.5 million. Details of the data, actuarial assumptions, valuation methods and analysis of results are set out in my actuarial report as at the valuation date, of which this statement of opinion forms part.

In my opinion, the amount of the benefit liabilities makes appropriate provision for all personal injury compensation obligations and the consolidated financial statements fairly represent the results of the valuation. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.

[Original signed by]

Richard Larouche, FSA, FCIA
Actuary
Eckler Ltd.
April 29, 2015

Workers' Compensation Board – Alberta

Consolidated Statement of Financial Position

As at December 31

($ thousands)	Notes	2014	2013
ASSETS			
Cash and cash equivalents	19(a)	$ 460,065	$ 510,303
Trade and other receivables	19(b)	81,967	93,281
Investments	5	9,536,183	8,916,868
Property, plant and equipment	7	49,995	48,466
Intangible assets	8	27,786	22,738
		$ 10,155,996	$ 9,591,656
LIABILITIES			
Trade and other liabilities	19(c)	$ 71,305	$ 65,516
Investment liabilities	5	15,223	45,412
Surplus distributions	19(d)	507,159	524,478
Safety rebates	19(e)	91,997	96,988
Employee benefits	10	149,821	102,674
Claim benefits	11	6,629,800	6,320,700
		7,465,305	7,155,768
FUNDED POSITION			
Fund Balance	4	2,292,891	2,056,688
Occupational Disease Reserve	4	397,800	379,200
		2,690,691	2,435,888
		$ 10,155,996	$ 9,591,656
LEASE AND OTHER COMMITMENTS	9		
CONTINGENCIES AND INDEMNIFICATION	18		

Approved by the Board of Directors on April 30, 2015:

[Original signed by]

Bob Normand
Chair, Board of Directors
Workers' Compensation Board – Alberta

[Original signed by]

Guy R. Kerr
President & Chief Executive Officer
Workers' Compensation Board – Alberta

The accompanying notes are an integral part of these consolidated financial statements.

Workers' Compensation Board – Alberta

Consolidated Statement of Comprehensive Income

Year Ended December 31

($ thousands)	Notes	2014 Budget	2014 Actual	2013 Actual
REVENUE				
Premium revenue	13	$ 1,082,198	$ 1,115,225	$ 1,130,178
Investment income	16(a)	425,215	1,000,786	918,850
		1,507,413	2,116,011	2,049,028
EXPENSES				
Claims expense	14	818,742	796,352	776,717
Claims management	14,15	110,705	108,727	106,146
Interest expense on claim benefit liabilities	11	275,600	274,400	267,900
Remeasurement of claim benefit liabilities	11	-	(49,740)	(204,603)
Corporate administration	15	89,902	86,061	83,915
Injury reduction	19(f)	57,449	61,133	57,784
Investment management expense	16(b)	37,738	41,715	33,156
Interest on employee benefit liabilities	10	7,390	4,819	6,450
		1,397,526	1,323,467	1,127,465
OPERATING SURPLUS		109,887	792,544	921,563
Funding policy surplus distributions	4,19(d)	-	(494,169)	(524,098)
NET FUNDING SURPLUS		109,887	298,375	397,465
OTHER COMPREHENSIVE GAIN (LOSS)				
Remeasurement of employee benefit liabilities	10	-	(43,572)	57,014
TOTAL COMPREHENSIVE INCOME		$ 109,887	$ 254,803	$ 454,479

The accompanying notes are an integral part of these consolidated financial statements.

Workers' Compensation Board – Alberta

Consolidated Statement of Changes in Funded Position

As at December 31

($ thousands)	Notes	2014	2013
FUND BALANCE			
Accumulated surplus			
Balance, beginning of year		$ 2,083,060	$ 1,694,295
Net funding surplus		298,375	397,465
Transfer to Occupational Disease Reserve		(18,600)	(8,700)
		2,362,835	2,083,060
Accumulated other comprehensive loss			
Balance, beginning of year		(26,372)	(83,386)
Other comprehensive gain (loss)		(43,572)	57,014
		(69,944)	(26,372)
Fund Balance, end of year		2,292,891	2,056,688
OCCUPATIONAL DISEASE RESERVE	4		
Balance, beginning of year		379,200	370,500
Transfer from Fund Balance		18,600	8,700
Occupational Disease Reserve, end of year		397,800	379,200
		$ 2,690,691	$ 2,435,888

The accompanying notes are an integral part of these consolidated financial statements.

Workers' Compensation Board – Alberta

Consolidated Statement of Cash Flows

Year Ended December 31

($ thousands)	2014	2013
OPERATING ACTIVITIES		
Cash inflows (outflows) from business operations		
Employer premiums	$ 1,135,223	$ 1,150,022
Benefits to claimants and/or third parties on their behalf	(699,940)	(684,051)
Administrative and other goods and services	(202,164)	(205,642)
Injury reduction program	(61,133)	(57,784)
Net cash from operating activities	171,986	202,545
INVESTING ACTIVITIES		
Cash inflows (outflows) related to investment assets		
Interest income received	106,627	120,534
Dividend income received	109,611	80,819
Property income received	74,041	48,658
Proceeds (payments) on settlement of derivatives	(61,745)	(85,578)
Investment management expense	(42,294)	(32,038)
Proceeds from sale of investments, net of cash purchases	639,977	478,582
Purchase of investments through reinvestment of income received	(517,227)	(420,673)
Cash outflows related to operating assets		
Purchase of property, plant and equipment	(7,705)	(6,286)
Purchase of computer software	(12,021)	(6,815)
Net cash from investing activities	289,264	177,203
FUNDING ACTIVITIES		
Cash outflows from funding activities		
Surplus distributions	(511,488)	(85,353)
Net cash used for funding activities	(511,488)	(85,353)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,238)	294,395
Cash and cash equivalents, beginning of year	510,303	215,908
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 460,065	$ 510,303

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014 with comparatives for the year ended December 31, 2013
(thousands of dollars unless stated otherwise)

1. REPORTING ENTITY

The Workers' Compensation Board - Alberta (WCB) is a provincial board created by legislation in 1918. As a statutory corporation, WCB administers the workers' compensation system for the province of Alberta under the authority of the *Workers' Compensation Act* (the Act). WCB's corporate head office is located in Edmonton, Alberta, with operations exclusively within the province of Alberta. WCB's legislated mandate is to provide disability benefits to workers who sustain injuries in the course of employment.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied in the preparation of the consolidated financial statements for all years presented, unless otherwise indicated.

GENERAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They comply, in all material respects, with IFRS as issued by the International Accounting Standards Board (IASB) as set out in Part I of the Chartered Professional Accountants of Canada Handbook as at and applicable on December 31, 2014.

These consolidated financial statements have been prepared on an historic cost basis except for investments reported at fair value. The principal accounting policies applied in the preparation of the consolidated financial statements on an IFRS basis are set out below.

Basis of consolidation

The consolidated financial statements include the assets, liabilities, and results of operations of WCB and its wholly owned subsidiaries, both of which are Alberta registered corporations:

- **WCB Real Assets Ltd.** – holds portfolio investments in infrastructure, and timberlands
- **WCB Global Real Assets Ltd.** – holds portfolio investments in commercial real estate

All intercompany transactions and balances have been eliminated on consolidation.

Consolidated financial statement presentation

WCB presents its consolidated statement of financial position in order of liquidity.

A financial asset and financial liability may be offset only when an entity currently has a legally enforceable and unconditional right of set-off and intends either to settle the asset and liability on a net basis, or to realize the asset and settle the liability simultaneously. Because WCB receivables with credit balances and derivative contracts in a payable position do not satisfy the critical condition of a legally enforceable right of set-off, they are reclassified and presented as trade and other liabilities, and investment liabilities respectively.

The consolidated statement of comprehensive income reports operating results arising from WCB's primary activities: core business operations including risk underwriting, premium assessment and collection, benefit processing, injury treatment and vocational rehabilitation, and financial management including investment portfolio management and claim benefit liability valuation. Administration expense is presented in the consolidated statement of comprehensive income by function. Other comprehensive loss consists of net changes in remeasurement of post-employment defined benefit plan liabilities, which is an item that will not be subsequently reclassified to income or expenses.

In addition to performance reporting, the consolidated statement of comprehensive income also reports funding actions arising from the application of Funding Policy as established by the Board of Directors. Such actions include appropriations of excess surplus for distribution back to employers, or collection of special levies required to replenish funding deficits.

Critical judgments and accounting estimates

Management incorporates critical judgments and accounting estimates in developing and applying accounting policies for recognition and measurement. Such judgments and estimates, which reflect best information at a point in time, affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results in subsequent periods could differ from the judgments and estimates used by management in these consolidated financial statements. These differences, which may be material, could require adjustment in those subsequent periods.

Some accounting measurements require management's best estimates for those transactions for which sufficient information may not be available to record a precise amount. Employee benefit liabilities (Note 10), claim benefit liabilities (Note 11), and the Partnerships in Injury Reduction rebates accrual (Note 13) are the most significant items that are based on accounting estimates.

The areas where judgments affect the consolidated financial statements are described below.

Control over an investee

In preparing consolidated financial statements, WCB must apply judgment to determine whether it has control or significant influence with respect to the activities of its investees. Control arises from WCB holding voting or contractual rights to direct the activities of the investees affecting returns, and the ability to exercise its voting and/or contractual rights to affect those returns materially. Substantive voting power with respect to relevant activities confers control and results in consolidation of an investee.

For structured entities, such as limited partnerships and similar entities where control stems from contractual or other rights rather than voting power, significant use of judgment is required to evaluate the determinants of control. From its analysis, WCB has concluded that it does not control or have significant influence over its structured entities. As passive portfolio investments, such interests would apply financial instruments accounting.

For further details, see the section *Interests in unconsolidated structured entities* at the end of Note 5.

Fair value measurement

Certain externally managed investments are measured at fair value using valuation models based on discounted future cash flows, rather than directly from observable market prices. Judgment is required to design and build the valuation model(s) using appropriate quantitative methodologies and to select and/or customize the key input assumptions from observable inputs. This includes such factors as the expected yield (i.e., discount rate), revenue and expense growth rates, effect of future inflation, terminal value of assets, income taxes, and estimates of the timing and amount of the relevant cash flows.

For further details, see the section *Valuation of financial instruments* in Note 5.

Foreign currency translation

WCB's consolidated financial statements are presented in Canadian dollars, which is also the functional currency. All financial information presented has been rounded to the nearest thousand, unless otherwise stated. Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the consolidated statement of financial position. Exchange differences arising from settlement of monetary items are included in income in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in effect when those transactions occurred.

Cash equivalents

Cash equivalents include short-term, liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Cash and short-term investments held by custodians are not available for general use, and are accordingly included in investments.

Finance expense

Finance expense comprises primarily recognition of interest (i.e., time value of money) inherent in discounted liabilities. Significant discounted liabilities include claim benefit liabilities, employee benefit plans and lease obligations.

SPECIFIC ACCOUNTING POLICIES

To facilitate a better understanding of WCB's consolidated financial statements, specific accounting policies are disclosed in the related notes:

Note	Topic	Page
5	Investments	50
7	Property, plant and equipment	56
8	Intangible assets	58
9	Lease and other commitments	59
10	Employee benefits	60
11	Claim benefit liabilities	63
13	Premium revenue	68
16	Investment income and expense	71

3. ACCOUNTING POLICY CHANGES

STANDARDS, AMENDMENTS, AND INTERPRETATIONS EFFECTIVE IN THE CURRENT YEAR

Amendments to IAS 32 *Financial Instruments – Presentation: Offsetting Financial Assets and Financial Liabilities*

In December 2011, the IASB amended IAS 32 to clarify when financial assets and financial liabilities may be offset. The amendments are effective for reporting periods beginning on or after January 1, 2014. The amendments do not change the current requirements, whereby an entity may offset a financial asset and financial liability in the consolidated statement of financial position only when the entity currently has a legally enforceable right of set-off and intends either to settle the asset and liability on a net basis, or to realize the asset and settle the liability simultaneously. However, the amendments clarify that the right of set-off must be currently available (i.e., not contingent on any future event) and be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The guidance affects WCB's derivative contracts only when they result in material loss positions. Because these derivative liabilities do not meet the requirements for offsetting, WCB must reclassify and present them as liabilities.

WCB adopted the requirements of IAS 32 retrospectively, resulting in reclassification of $15.2 million (2013 – $45.4 million) in investment liabilities from investments.

IFRIC 21 *Levies*

In May 2013, the IASB released IFRIC 21 to provide guidance on when to recognize a liability for a levy. The interpretation covers the accounting for levies imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations; however, levies do not include income taxes, fines and other penalties. Levies paid by WCB include funding of Occupational Health and Safety and the Medical Panel Office, as well as property and business taxes. These levies are assessed, and the associated liabilities recognized, on a calendar year basis.

IFRIC 21 must be applied retrospectively on or after January 1, 2014. WCB adopted the interpretation in its 2014 consolidated financial statements with no impact on WCB's financial position or results of operations.

STANDARDS, AMENDMENTS, AND INTERPRETATIONS ISSUED IN THE CURRENT YEAR BUT NOT YET EFFECTIVE

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the complete version of IFRS 9 to replace IAS 39. IFRS 9 (2014) provides revised guidance on the classification and measurement of financial assets, introduces a new expected

credit loss model for determining impairment, and incorporates the final general hedge accounting requirements, that significantly relaxes the rules for hedge accounting, and better aligns with actual risk management practices. IFRS 9 (2014) is effective in its entirety for annual periods beginning on or after January 1, 2018.

With early adoption of the classification and measurement section in 2011, WCB investments are being measured at fair value through income. Although WCB has not yet completed its assessment of the expected credit loss and general hedge accounting guidance, nor elected an adoption date, implementation of these sections, if applicable, is not expected to have a material impact on results of operations or financial position.

4. FUNDING

ACCIDENT FUND

The Act stipulates the creation of an Accident Fund (the Fund) holding sufficient funds for the payment of present and future compensation. The Fund is fully funded when the total assets equal or exceed total liabilities. This Funded Position (or net assets) represents the current funding status of the Fund.

The Funded Position is maintained through two reserves within the Accident Fund: the Fund Balance and the Occupational Disease Reserve (ODR). The Fund Balance represents accumulated net operating surpluses retained against financial uncertainty. The ODR was established through an appropriation from the Fund Balance to provide for costs arising from latent occupational injury or disease where a causal link to the workplace has not been established, but may be established in the future. The ODR is maintained at six per cent of claim benefit liabilities in each year through a transfer from or to the Fund Balance.

FUNDING POLICY AND CAPITAL MANAGEMENT

Since the Act does not provide for an ownership-based capital structure, WCB views its available capital resources as synonymous with its Funded Position. The primary objective in managing the Funded Position is to mitigate the risk of being unfunded, while a secondary objective is to minimize premium rate volatility caused by investment and claim benefit liability risk. WCB manages the financial status of the Accident Fund by monitoring the Funded Position and making funding decisions in accordance with the Funding Policy.

The Funding Policy sets a target zone of 114–128 per cent for the Funded Ratio (total assets divided by total liabilities) to guide funding decisions. When the Funded Ratio falls below the target zone, special funding requirements are included in premium rates. When the Funded Ratio is above the target zone, surplus distributions may be paid. There were no changes to the described Funding Policy or capital management practices during the year.

($ thousands)	**2014**	2013
Accident Fund		
Total assets	$ 10,155,996	$ 9,591,656
Less:		
Total liabilities	7,465,305	7,155,768
Funded Position	$ 2,690,691	$ 2,435,888
Funded Ratio	136.0%	134.0%

5. INVESTMENTS

ACCOUNTING POLICY

WCB elected early adoption of IFRS 9 Financial Instruments: Classification and Measurement as at the date of transition to IFRS in 2011.

WCB's portfolio investments are designated at fair value through income and are managed in accordance with portfolio management objectives and Investment Policy. WCB utilizes trade-date accounting (date when transactions are entered into rather than when they are settled) for purchases and sales of financial instruments.

Upon initial recognition, debt and equity securities, which include unit interests in pooled investments, are recognized at their fair value plus costs relating to trade settlement, if applicable. Changes in the carrying value of all portfolio investments arising from subsequent remeasurement are recognized in investment income in the period in which they occur.

Derivatives are recognized at inception, and subsequently remeasured as at the reporting date, at their fair value. Gains and losses resulting from remeasurement are recognized in investment income in the respective periods in which they arise. Derivatives are not used for trading, but to manage economic and asset risk exposures. WCB does not apply hedge accounting with respect to such use of derivatives.

Net cash, receivables, and payables held within the investment portfolio are carried at amortized cost.

Valuation of financial instruments

The fair value of financial instruments as at the reporting date is determined as follows:

Debt and equity securities

- Publicly traded equity securities are based on their closing prices. Debt securities traded over-the-counter are based on the average of the latest bid/ask prices provided by independent third party securities valuation companies.
- Non-publicly traded pooled funds are valued at the net asset values of the funds, which reflect the fair values of fund assets less fund liabilities.
  - The fair value of infrastructure, timberlands and real estate funds are based on independent annual appraisals, net of any liabilities against the fund assets,
  - The fair value of commercial mortgage funds is based on the market interest rate spread over Bank of Canada bonds with a similar term to maturity.

Derivative contracts

- Written forward foreign-exchange contracts are valued based on the change in the underlying exchange rate relative to the Canadian dollar.
- Tradable equity index futures, whose prices change according to the underlying market index, are valued based on exchange-listed prices.
- Bond futures, whose prices change according to the underlying bond price, are valued based on exchange-listed prices.

INVESTMENT PORTFOLIO HOLDINGS

WCB's portfolio investments are all classified at fair value through income. The table in this section presents the fair value of WCB's investments as at December 31, together with their classifications under the fair value measurement hierarchy. Note 16 *Investment Income and Expense* provides a breakdown of investment income by type.

Fair value classification hierarchy

The fair value of WCB's investments recorded on the consolidated statement of financial position was determined using one of the following valuation techniques:

Level 1 The fair value is based on quoted prices in active markets for identical assets or liabilities. This level includes equity securities and derivative contracts that are traded in an active exchange market.

Level 2 The fair value is based on inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs based on observable market data. Includes pooled funds invested in traded securities, as well as derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 The fair value is based on unobservable inputs that are significant to the fair value of the assets or liabilities and have little or no market activity. This level includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The most significant inputs affecting the fair value calculations include the projected operating and capital-related cash flows and the associated discount rate. The discount rate is responsive to changes in macroeconomic factors affecting the risk profile of invested assets such as demand, market conditions, financial risks, future inflation, and so on. This level includes pooled funds invested in debt securities, private equity, real estate, infrastructure and timberlands.

The table below summarizes the basis of fair value measurements for financial assets held in WCB's investment portfolio:

	Fair value through income			Amortized			
($ thousands)	Level 1	Level 2	Level 3	Fair Value	Cost[5]	2014	2013
Fixed income							
Nominal bonds	$ 5,876	$ 2,016,003	$ 153,234	$ 2,175,113	$ 22,954	$ 2,198,067	$ 2,299,835
Mortgages[1]	-	-	474,656	474,656	-	474,656	529,715
	5,876	2,016,003	627,890	2,649,769	22,954	2,672,723	2,829,550
Equities							
Domestic	513,446	429,253	-	942,699	911	943,610	928,802
Foreign[2]	1,461,654	1,166,243	-	2,627,897	36,823	2,664,720	2,434,777
	1,975,100	1,595,496	-	3,570,596	37,734	3,608,330	3,363,579
Inflation-sensitive							
Real estate[3]	239,941	-	1,261,469	1,501,410	1,120	1,502,530	1,313,317
Infrastructure[4]	379,778	-	601,052	980,830	9,434	990,264	719,004
Timberlands	-	-	87,200	87,200	-	87,200	75,295
Real-return bonds	-	671,879	-	671,879	1,693	673,572	598,528
	619,719	671,879	1,949,721	3,241,319	12,247	3,253,566	2,706,144
	2,600,695	4,283,378	2,577,611	9,461,684	72,935	9,534,619	8,899,273
Derivative assets	-	1,564	-	1,564	-	1,564	17,595
Derivative liabilities[6]	-	(15,223)	-	(15,223)	-	(15,223)	(45,412)
Investments (net of derivatives)	$2,600,695	$4,269,719	$2,577,611	$9,448,025	$ 72,935	$9,520,960	$8,871,456
Presented as:							
Investments	$ 2,600,695	$ 4,284,942	$ 2,577,611	$ 9,463,248	$ 72,935	$ 9,536,183	$ 8,916,868
Derivative liabilities[6]	-	(15,223)	-	(15,223)	-	(15,223)	(45,412)
Investments (net of derivatives)	$2,600,695	$4,269,719	$2,577,611	$9,448,025	$ 72,935	$9,520,960	$8,871,456

[1] *Mortgages include commercial mortgages and multi-unit mortgages, excluding single-dwelling residential mortgages.*
[2] *Foreign equities comprise U.S., EAFE (Europe, Australasia, and Far East), and Emerging Market mandates.*
[3] *Real estate investments include pooled funds invested in commercial properties.*
[4] *Infrastructure consists of pooled funds invested in infrastructure projects.*
[5] *Includes portfolio cash, receivables, and payables whose cost approximates fair value.*
[6] *Derivative liabilities are presented as investment liabilities in the consolidated statement of financial position.*

Transfers between Levels 1 and 2

There were no material transfers between Level 1 and Level 2 during 2014 or 2013.

Reconciliation of Level 3 activity

($ thousands)	Fixed Income	Real Estate	Infrastructure	Timberlands	2014 Total	2013 Total
Balance, beginning of year	$ 681,689	$ 1,098,466	$ 417,698	$ 75,295	$ 2,273,148	$ 1,963,581
Income distributions	23,034	5,731	1,575	-	30,340	73,754
Fair value change	16,666	60,336	39,243	18,487	134,732	87,903
Purchases (capital returns) of Level 3 investments	3,129	119,978	156,905	(6,5[illegible]	273,430	254,677
Sale/settlement of Level 3 investments	(96,628)	(23,042)	(14,369)	-	(134,039)	(106,767)
Balance, end of year	$ 627,890	$ 1,261,469	$ 601,052	$ 87,200	$ 2,577,611	$ 2,273,148

INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Through its investment program WCB is involved with structured entities, which comprise structured vehicles (i.e., limited partnerships and structured equity) invested in operating property assets, as well as pooled funds invested in financial instruments of property-based issuers. The following discusses some unique characteristics of such entities and the nature of the risks attached to them.

Relevant activities of the structured entities that affect returns include identification, selection and/or development, and operation of established properties with stable cash flows and strong capital appreciation potential. Development and execution of an exit strategy is another important activity.

Significant constraints are imposed on funds invested in structured entities, by virtue of their legal agreements, regulatory environment, and the nature and economics of the underlying assets. Once committed, an investor is expected to fund the entire subscribed amount over the term of the agreement (typically over the next five to ten years), unless the investment agreement provides otherwise. Once invested, funds are no longer available to the investor, and withdrawal through sale or transfer of interests is permitted only after a certain period as stipulated in the agreement, which typically runs from five to ten years.

The primary risk to WCB relating to these structured entities is lack of liquidity due to the size of the positions and the limited number of qualifying investors; and, these entities are invested in specialized or long-ter n assets that are difficult to liquidate due to the nature of their markets. WCB is also exposed to market and operating risks based on the underlying assets held by these entities.

WCB's financial exposure is limited to the net carrying amount of the investment.

The following table provides information about WCB's interests in unconsolidated structured entities:

($ thousands)	2014		2013	
Structured Entity Type by Mandate	**Carrying Value**	**Undrawn Funding Commitments**	Carrying Value	Undrawn Funding Commitments
Limited partnerships				
Nominal bonds	$ 28,391	$ -	$ -	$ -
Real estate	223,141	56,471	120,854	115,185
Infrastructure	371,557	335,897	227,442	410,802
Timberlands	87,200	272,517	75,295	224,705
	710,289	664,885	423,591	750,692
Structured equity				
Real estate	481,427	-	459,532	-
	$ 1,191,716	$ 664,885	$ 883,123	$ 750,692

6. INVESTMENT RISK MANAGEMENT

INVESTMENT GOVERNANCE

The Board of Directors is ultimately responsible for overall strategic direction and governance of the investment portfolio through its review and approval of the Investment Policy and ongoing monitoring of investment risks, performance, and compliance.

WCB management is responsible for monitoring investment performance, recommending changes to the Investment Policy, and selecting fund managers. WCB retains independent consultants to benchmark the performance of its fund managers, and to advise on the appropriateness and effectiveness of its Investment Policy and practices.

KEY FINANCIAL RISKS

The primary financial risk for WCB is the risk that, in the long term, returns from its investments will not be sufficient to discharge all obligations arising from its claim liabilities. In order to manage this funding risk, risk management for investments has been integrated with risk management of liabilities. WCB's primary risk mitigation strategy is effective execution of its Investment Policy. The Investment Policy target asset mix, and associated risk and return characteristics, have been established to provide guidelines for a broad investment strategy, as well as specific approaches to portfolio management. The Investment Policy also calls for maintaining a well-diversified portfolio, both across and within asset classes, and engaging fund managers who represent a broad range of investment philosophies and styles, operating within a rigorous compliance framework.

WCB has identified key areas of investment risk that directly affect the sufficiency of its investments to fund current and future claim obligations:

Market risks - These risks include movements in equity market prices, interest rates, credit spreads, and foreign currency exchange rates.

Portfolio risks - These risks relate to specific composition and management of WCB's portfolio and include liquidity risk, securities lending risk, counterparty default risk and derivatives risk.

The following sections describe these risks, WCB's exposures, and their respective mitigation strategies.

MARKET RISKS

Equity market risk

WCB is exposed to equity market risk, which is the risk that the fair value of its investments in publicly traded shares will fluctuate in the future because of price changes. WCB's mitigation strategy for equity market risk is to apply disciplined oversight of investment activities within a formal investment control framework that has been reviewed and validated by independent experts to ensure continuous compliance with approved policies and practices.

The table below presents the effect on WCB's equity mandates of a significant adverse change[1] in the key risk variable — the amount of portfolio volatility:

($ thousands)	2014		2013	
Equities	**1 std dev**	**2 std dev**	1 std dev	2 std dev
% change in portfolio	(9.5%)	(18.9%)	(11.9%)	(23.7%)
Canadian	$ (89,242)	$ (178,483)	$ (110,063)	$ (220,126)
% change in portfolio	(8.1%)	(16.3%)	(10.5%)	(21.1%)
Global	$ (176,574)	$ (353,148)	$ (206,918)	$ (413,836)
% change in portfolio	(13.8%)	(27.5%)	(17.2%)	(34.4%)
Emerging markets	$ (67,797)	$ (135,594)	$ (80,708)	$ (161,415)

[1] *A change is considered to be material when it exceeds the standard deviation (std dev), which measures the variance in a normal probability distribution. One standard deviation covers 68 per cent of all probable outcomes, two standard deviations include 95 per cent of outcomes. The benchmark deviations are based on 2014 data.*

Fixed income pricing risk

Fixed income pricing risk related to financial securities arises from changes in general financial market or economic conditions that may change the pricing of the entire non-government bond market, specific sectors, or individual issuers. This risk is generally manifested through changes in the security's credit spread. WCB's investment portfolio is exposed to fixed income pricing risk through participation in a Canadian mortgage pool and through direct holdings of Canadian and foreign fixed income securities.

The table below presents the effects of a change in the credit spreads of 50 and 100 bps[1] on the mortgage portfolio and non-government portion of the bond portfolio:

($ thousands)	2014		2013	
Change in nominal interest rate	+50 bp	+100 bp	+50 bp	+100 bp
Nominal bonds	$ (18,637)	$ (37,274)	$ (20,082)	$ (40,164)
Mortgages	$ (8,781)	$ (17,562)	$ (9,800)	$ (19,599)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The table below presents the effects of a nominal interest rate change of 50 and 100 bps on the respective bond and mortgage portfolios:

($ thousands)	2014		2013	
Change in nominal interest rate	+50 bp	+100 bp	+50 bp	+100 bp
Nominal bonds	$ (65,871)	$ (131,742)	$ (66,966)	$ (133,931)
Real return bonds	$ (52,572)	$ (105,145)	$ (47,703)	$ (95,405)
Mortgages	$ (8,781)	$ (17,562)	$ (9,800)	$ (19,599)

Foreign currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates.

WCB is exposed to currency risk through foreign investments in fixed income, equities, infrastructure and timberlands. The exposures are economically hedged to the Canadian dollar by utilizing forward contracts. The target hedge ratio (percentage of the exposure hedged to Canadian dollars) varies by asset class and currency. The target for fixed income and infrastructure is 100 per cent. For foreign equities, the target is 25 per cent for the U.S. dollar and 50 per cent for other major currencies.

WCB's largest foreign currency exposure is to the U.S. dollar, with unhedged holdings of $1,242,195 (2013 – $1,112,977); euro exposure is next, with unhedged holdings of $135,775 (2013 – $216,170). For the current reporting period, the net loss from the currency overlay was $30,167 (2013 – $43,745 loss).

The table below presents the effects on the foreign equity mandate of a material change in the Canadian/U.S. dollar and Canadian/euro exchange rates:

($ thousands)	2014		2013	
	CAD/USD	CAD/EURO	CAD/USD	CAD/EURO
December 31 spot rate	0.8634	0.7135	0.9412	0.6830
10% appreciation in the Canadian dollar	0.9497	0.7849	1.0353	0.7513
Global	$ (112,926)	$ (12,343)	$ (101,179)	$ (19,652)

[1] *One basis point (bp) equals 1/100 of 1 per cent, 50 bps = 50/100 of 1 per cent or 0.5 per cent.*

Derivatives risk

Although derivatives represent an important component of WCB's risk management strategy, the portfolio does not contain any derivatives intended for speculative or trading purposes. An example of derivatives used for risk mitigation is the currency overlay described in the currency risk section, which is a partial economic hedge of the currency exposure. From time to time, derivatives are also utilized as a portfolio management technique to replicate a target asset mix or achieve certain asset exposures when it is not possible or cost-effective to hold or sell securities directly.

The notional value of a derivative contract used in an economic hedging arrangement represents the exposure that is being hedged, and is the amount to which a rate or price is applied in order to calculate the exchange of cash flows. Notional amounts are not indicative of the credit risk associated with such derivative contracts. WCB's credit exposure is represented by the replacement cost of all outstanding contracts in a receivable (positive fair value) position. Counterparty default risk with respect to derivative contracts is mitigated in accordance with investment guidelines on counterparty default risk.

The table below summarizes the fair value of WCB's derivative portfolio of open contract positions in segregated funds as at December 31. Derivative contracts in a gain position (financial assets) have been presented separately from contracts in a loss position (financial liabilities) and are presented with their remaining terms to maturity.

($ thousands)		2014			2013		
	Term to Maturity	Notional Principal	Fair Value Asset	Fair Value Liability	Notional Principal	Fair Value Asset	Fair Value Liability
Asset replication contracts	Within 1 year	$ 66,337	$ 230	$ (148)	$ 178,194	$ 1,177	$ (53)
Foreign-exchange contracts	Within 1 year	2,065,078	1,334	(15,075)	2,073,758	16,418	(45,359)
		$ 2,131,415	$ 1,564	$ (15,223)	$ 2,251,952	$ 17,595	$ (45,412)

WCB also has indirect exposure to derivatives risk through its pooled investments, but they do not contain any derivatives intended for speculative or trading purposes.

Liquidity risk

Liquidity risk is the risk that WCB will encounter difficulty in meeting obligations associated with its liabilities, particularly claim liabilities, which are funded from cash and cash equivalents, as well as investments where necessary. This risk stems from the lack of marketability of a security that cannot be bought or sold quickly enough to prevent or minimize a loss.

Through a proactive cash management process that entails continuous forecasting of expected cash flows, WCB mitigates liquidity risk by minimizing the need for forced liquidations of portfolio assets in volatile markets and by holding a number of investments in readily marketable instruments (publicly traded equity and fixed income securities). Some investments, particularly those in structured entities, are not readily marketable or liquid, as discussed in the section *Interests in Unconsolidated Structured Entities* in Note 5.

To cover unanticipated cash requirements when market conditions are unfavourable, WCB also has an available standby line of credit of up to $20 million, which has not been drawn down as at December 31, 2014.

Counterparty default risk

Counterparty default risk arises from the possibility that the issuer of a debt security, or the counterparty to a derivatives contract, fails to discharge its contractual obligations to WCB.

To mitigate counterparty default risk, WCB requires that credit ratings for counterparties not fall below an acceptable threshold. The Investment Policy permits bond issuers to have lower than a B- (or equivalent score) from a recognized credit-rating agency, but such holdings may not exceed three per cent of total

fixed income assets in the portfolio. Counterparties for derivative contracts will have at least an A- credit rating or equivalent from a recognized credit-rating agency. Each fund is closely monitored for compliance to ensure that aggregate exposures do not exceed those specified investment constraints.

As at December 31, 2014, the aggregate amount of fixed income securities in segregated funds with counterparty ratings below BBB- was $190,184 (2013 – $177,105). WCB also has indirect exposure to counterparty default risk through its pooled investments. Seven per cent of the nominal bond portfolio is held in pooled funds.

Securities lending risk

WCB participates in a securities-lending program sponsored by its custodian. Under IFRS 9, securities lending arrangements are considered to be transfers of assets that are not derecognized because the transferor retains substantively the risks and rewards of ownership, notwithstanding the transferee's right to sell or pledge those assets. WCB is protected against loss of the transferred securities by requiring the borrower to provide collateral in the form of cash or marketable securities having a minimum fair value of 102 per cent of the loan. Such collateral is not recognized because it is available to the transferor only upon failure of the transferee to fulfil its commitments. In any event, the custodian is also contractually obligated to indemnify WCB for any losses resulting from inadequate collateral.

At December 31, 2014, securities on loan through the custodian totalled $1,576,771 (2013 - $908,340), secured by $1,679,397 (2013 - $961,697) of posted collateral. During 2014, the securities-lending program generated income of $1,637 (2013 - $2,192).

7. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Property, plant and equipment (PPE) are recognized as an asset if it is probable that WCB will realize future economic benefits. Items are initially measured at acquisition cost, and subsequently at amortized cost.

After initial recognition, property, plant and equipment is stated at historical cost less accumulated depreciation and impairment (if applicable) with the exception of land, which is not depreciated. Leased assets and leasehold improvements are depreciated over their lease term. All other items are depreciated over their expected useful life. Depreciation expense is recognized when an asset is ready for use.

Residual values, useful lives, and depreciation methods are reviewed at each financial year-end and adjusted if appropriate. Depreciation expense is included in claims management and corporate administration in the statement of comprehensive income (see Note 15 *Administration Expense*).

WCB applies the following annual depreciation rates and methods:

Buildings	*2.5 per cent straight-line*
Leasehold improvements	*Straight-line over the expected lease term*
Equipment:	
- *Computer (owned)*	*35 per cent declining balance*
- *Computer (leased)*	*Straight-line over the lease term*
Furniture and other	*15 per cent declining balance*
Vehicles	*20 per cent straight-line*

WCB evaluates its property, plant and equipment for indicators of impairment such as obsolescence, redundancy, deterioration, loss or reduction in future service potential, or when there is a change in intended use. When the carrying value exceeds the amount of future economic benefit through utilization, the item of property, plant and equipment is written down to the recoverable amount and the amount recognized as an impairment loss.

($ thousands)	Land/ Buildings	Leasehold Improvements	Computer Equipment	Office Furniture/ Equipment	Vehicles/ Other	2014 Total	2013 Total
Cost							
Balance, beginning of year	$ 54,464	$ 1,703	$ 15,420	$ 18,169	$ 751	$ 90,507	$ 85,362
Current period activity:							
Capitalized expenditure	3,844	78	3,157	696	30	7,805	5,647
Transfer from PPE under construction	(2,193)	-	(1,469)	(156)	-	(3,818)	(2,946)
Disposals	-	(119)	(3,882)	(142)	(24)	(4,167)	(1,373)
PPE under construction	328	85	3,103	-	-	3,516	3,817
Balance, end of year	$ 56,443	$ 1,747	$ 16,329	$ 18,567	$ 757	$ 93,843	$ 90,507
Accumulated depreciation and impairment							
Balance, beginning of year	$ 20,429	$ 1,085	$ 9,231	$ 10,803	$ 493	$ 42,041	$ 37,401
Current period activity:							
Depreciation	1,132	80	3,480	1,141	141	5,974	6,014
Disposals	-	(119)	(3,882)	(142)	(24)	(4,167)	(1,374)
Balance, end of year	$ 21,561	$ 1,046	$ 8,829	$ 11,802	$ 610	$ 43,848	$ 42,041
Carrying value, beginning of year	$ 34,035	$ 618	$ 6,189	$ 7,366	$ 258	$ 48,466	$ 47,961
Carrying value, end of year	$ 34,882	$ 701	$ 7,500	$ 6,765	$ 147	$ 49,995	$ 48,466

Property, plant and equipment under finance leases

Included in property, plant and equipment is computer equipment acquired through finance leases at cost of $8,540 (2013 – $6,327), accumulated depreciation of $4,500 (2013 – $3,794), and carrying value of $4,040 (2013 – $2,533).

See Note 9 *Lease and Other Commitments* for accounting policy and further details on leased property, plant and equipment.

8. INTANGIBLE ASSETS

ACCOUNTING POLICY

WCB's intangible assets are composed of computer software developed internally or acquired through third party vendors and customized as necessary. Development expenditure is capitalized only if the directly related costs (both internal and external) can be measured reliably, the product or process is technically feasible, future economic benefits are probable, and WCB has the intention and sufficient resources to complete development and to use the asset in the manner intended.

Computer software is measured at cost upon initial recognition. After initial recognition, computer software is measured at cost less accumulated amortization and impairment (if applicable). Computer software is amortized on a straight-line basis at 20 per cent per year commencing from the date that the software is available for use. When the carrying value exceeds the amount of future economic benefit through utilization, the item is written down to the recoverable amount and the amount recognized as an impairment loss.

Amortization expense is included in claims management and corporate administration in the statement of comprehensive income (see Note 15 *Administration Expense*).

($ thousands)			2014	2013
	In Use	Under Development	**Total**	Total
Cost				
Balance, beginning of year	$ 127,810	$ 7,064	$ 134,874	$ 130,232
Capitalized expenditure	-	11,331	11,331	7,494
Transfers from development	9,740	(9,740)	-	-
Disposals	(19,913)	-	(19,913)	(2,852)
Balance, end of year	$ 117,637	$ 8,655	$ 126,292	$ 134,874
Accumulated amortization and impairment				
Balance, beginning of year	$ 112,136	$ -	$ 112,136	$ 107,862
Amortization	6,283	-	6,283	7,126
Disposals	(19,913)	-	(19,913)	(2,852)
Balance, end of year	$ 98,506	$ -	$ 98,506	$ 112,136
Carrying value, beginning of year	$ 15,674	$ 7,064	$ 22,738	$ 22,370
Carrying value, end of year	$ 19,131	$ 8,655	$ 27,786	$ 22,738

9. LEASE AND OTHER COMMITMENTS

ACCOUNTING POLICY

Leases of property, plant and equipment where WCB acquires substantially all the risks and rewards of ownership are classified as finance leases. At lease commencement, finance leases are recognized in the consolidated statement of financial position as assets and corresponding obligations at the lower of the fair value of the leased property and the present value of future minimum lease payments.

Lease payments are allocated between the liability and finance charges using the effective interest method to achieve a constant rate of interest on the remaining balance of the lease. The interest portion of the payment is charged to income over the lease period, while the principal portion is applied against the lease obligation.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are charged to income over the lease term.

Lease obligations

WCB has obligations under material long-term non-cancellable finance lease agreements for mainframe and desktop computer equipment. The land for WCB's rehabilitation centre and office space in Edmonton and Calgary are held under operating leases. WCB's leases have remaining terms of between one and 17 years.

Undiscounted future minimum lease payments under finance leases are $4,653 (2013 - $2,758), with a carrying value of $4,385 (2013 - $2,633), the difference of $268 (2013 - $125) being the effect of discounting.

See Note 7 *Property, Plant and Equipment* for carrying values of computer equipment held under finance leases and Note 19(c) *Trade and Other Liabilities* for presentation of the current finance lease obligation.

Commitments

WCB enters into contractual commitments for purchases of goods and services as part of its regular business activities. Future undiscounted expenditure commitments are listed in the table below.

($ thousands)	Leases			2014	2013
	Finance	Operating	Other Commitments	Total	Total
2014	$ -	$ -	$ -	$ -	$ 31,389
2015	1,869	1,949	19,458	23,276	12,317
2016	1,448	1,951	9,475	12,874	6,983
2017	1,285	1,910	9,879	13,074	3,409
2018	51	1,668	359	2,078	1,992
Beyond	-	2,470	-	2,470	2,470
	$ 4,653	$ 9,948	$ 39,171	$ 53,772	$ 58,560

10. EMPLOYEE BENEFITS

ACCOUNTING POLICY

WCB provides active service and defined post-employment benefits to its employees. WCB also participates in certain multi-employer pension plans sponsored by the province of Alberta. An expense and a liability for benefits earned are recognized in the period that employee service has been rendered.

For defined post-employment benefit plans, current benefit cost represents the actuarial present value of the benefits earned in the current period. Such cost is actuarially determined using the accrued benefit method prorated on service, a market interest rate, management's best estimate of projected costs, and the expected years of service until retirement. The liability as at the reporting date is the present value of the defined benefit obligation, which is determined by discounting the estimated future cash outflows using a discount rate based on market yields of high-quality corporate bonds having terms to maturity that approximate the duration of the related benefit liability. Interest expense represents the amount required in each year to build up the liability over the projected benefit period to its future value.

Remeasurement changes in benefit liabilities, composed of actuarial changes in assumptions and experience gains and losses, are recognized in other comprehensive income.

ACTIVE SERVICE BENEFITS

WCB's short-term benefits for active employees include salary, compensated absence (sick leave, statutory holidays, and annual vacation), group life insurance, dental and medical coverage, employee family assistance program, education support, and health and wellness benefits.

Termination benefits are provided for through employment contracts, statutory requirements, or constructive obligations. As at December 31, 2014 and 2013, there were no material provisions relating to termination benefits.

POST-EMPLOYMENT BENEFITS

Pension plans

Employee post-retirement benefits are provided through contributory multi-employer defined benefit pension plans sponsored by the province of Alberta, namely the Public Service Pension Plan (PSPP) and the Management Employees Pension Plan (MEPP). Under defined benefit plan accounting, WCB must recognize its proportionate share, determined on an actuarial basis, of plan assets, obligations, remeasurement amounts, and service cost prorated on total contributory payroll.

Both plans have funding deficiencies that have statutory funding requirements by employers and employees to eliminate any plan deficiencies over a specific time horizon. The information in this note reflects an annual actuarial valuation of WCB's share of the plans' assets, benefit obligations, remeasurement amounts, and service cost.

Supplemental executive retirement plan

WCB sponsors a non-contributory supplemental executive retirement plan (SERP). Earnings of senior management generally exceed the threshold earnings for the maximum pension benefit permitted under the federal Income Tax Act. Under the terms of the SERP, senior management is entitled to receive supplemental retirement payments that bring their total pension benefits to a level consistent with their total earnings. Future pension benefits are based on the participants' years of service and earnings.

See Note 17 *Related Party Transactions* for a breakdown of SERP costs by executive position.

Post-retirement benefit plan

WCB provides a contributory benefit plan that provides dental and health care benefits to retirees on pensions between the ages of 55 to 65. As plan participants pay part of the benefit cost, the benefit obligation represents the difference between actual costs and contributions subsidized by WCB.

OTHER BENEFIT PLANS

Long-term disability plan

WCB administers a non-contributory long-term disability (LTD) income continuance plan for its employees. The LTD liability represents the present value of all future obligations arising from claims incurred during the period.

EMPLOYEE BENEFIT PLAN ASSUMPTIONS

The table below presents key assumptions applicable to WCB's employee future benefit plans.

	2014					2013				
	PSPP	MEPP	SERP	Post Retirement	LTD	PSPP	MEPP	SERP	Post Retirement	LTD
Date of most recent actuarial valuation	12/31/2014	12/31/2014	12/31/2014	12/31/2014	12/31/2014	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013
Economic assumptions										
Discount rate (nominal)	4.0%	4.0%	4.1%	3.8%	3.5%	4.9%	4.9%	5.0%	4.7%	4.2%
Alberta inflation rate (long-term)	2.3%	2.3%	2.3%	n/a	n/a	2.3%	2.3%	2.3%	n/a	n/a
Salary escalation rate	2.5%-3.5%	3.5%	3.0%	n/a	3.0%	2.5%-3.5%	0%-3.0%	4.0%	n/a	3.0%
Multi-employer plan funding assumptions										
WCB share of plan contributory payroll	4.5%	1.4%				4.5%	1.4%			
Current service cost rate on contributory payroll	16.5%	22.0%				16.0%	20.9%			
WCB's contributions for the current period *($ thousands)*	$ 13,850	$ 1,675				$ 13,667	$ 1,413			
WCB's expected contributions for the following period *($ thousands)*	$ 14,161	$ 1,675				$ 13,975	$ 1,616			

DEFINED BENEFIT PLAN LIABILITIES

($ thousands)	Pension Liabilities[1]	Other Retirement Liabilities[2]	LTD	2014	2013
Change in defined benefit obligation					
Defined benefit obligation, beginning of year	$ 299,261	$ 8,231	$ 12,971	$ 320,463	$ 345,406
Current service cost[3]	11,755	745	3,898	16,398	16,414
Interest expense[4]	14,716	411	509	15,636	14,819
Remeasurement (gains) losses[5]	62,845	1,076	538	64,459	(44,230)
Benefit payments	(10,747)	(63)	(2,054)	(12,864)	(11,946)
Defined benefit obligation, end of year	$ 377,830	$ 10,400	$ 15,862	$ 404,092	$ 320,463
Change in fair value of plan assets					
Fair value of plan assets, beginning of year	$ 217,789	$ -	$ -	$ 217,789	$ 191,404
Employer contributions	15,525	63	2,054	17,642	17,178
Interest income[4]	10,817	-	-	10,817	8,369
Remeasurement gains (losses)[5]	20,887	-	-	20,887	12,784
Benefit payments	(10,747)	(63)	(2,054)	(12,864)	(11,946)
Fair value of plan assets, end of year	$ 254,271	$ -	$ -	$ 254,271	$ 217,789
Net plan liability					
Defined benefit obligation	$ 377,830	$ 10,400	$ 15,862	$ 404,092	$ 320,463
Fair value of plan assets	254,271	-	-	254,271	217,789
	$ 123,559	$ 10,400	$ 15,862	$ 149,821	$ 102,674

[1] *Pension liabilities include WCB's proportionate share of the PSPP and MEPP net unfunded liabilities.*
[2] *Other retirement liabilities include SERP and the post-retirement benefit plan.*
[3] *Current service costs are presented within corporate administration in the consolidated statement of comprehensive income.*
[4] *Interest expense is presented net of interest income in the consolidated statement of comprehensive income.*
[5] *Remeasurement gains and losses on plan obligations due to discount rate changes and experience are presented net of gains and losses on plan assets in the consolidated statement of comprehensive income.*

RISKS ARISING FROM DEFINED BENEFIT PLANS

Economic risks

Defined benefit plans are directly exposed to economic risks from plan assets invested in capital markets, and indirectly with respect to measurement risk from assumptions based on economic factors, such as discount rates affected by volatile bond markets. Benefit obligations are exposed to uncertainty of future economic conditions, primarily inflation risk due to the extremely long tails of post-employment benefits, and health care escalation due to increasingly higher costs of treatment and prescription drugs.

Demographic risks

Demographic factors affect current and future benefit costs with respect to the amount and time horizon of expected payments due to such factors as workforce average age and earnings levels, attrition and retirement rates, mortality and morbidity rates, etc.

Multi-employer plan funding risk

In addition to economic and demographic risk factors, WCB is exposed to funding risk in the multi-employer plans arising from:

- Legislative changes affecting eligibility for and amount of pension and related benefits; and
- Performance of plan assets affected by investment policies set by the pension boards.

Because these plans are governed by legislation rather than contract, there is little flexibility for participants with respect to withdrawal from the plan, plan wind-up or amendments, and mandatory funding requirements.

Sensitivity analysis

The following table shows the effect of a 25 basis point change in the assumed discount rate, inflation rate, and wage inflation rate on WCB's proportionate share of the accrued benefit obligations of PSPP and MEPP. The impacts of the assumption changes on WCB's other employee benefit plans, individually and in aggregate, are immaterial.

($ thousands)	2014		2013	
+/- % change on assumed rates	+0.25%	-0.25%	+0.25%	-0.25%
Discount rate based on market yields on high-quality corporate bonds	$ (13,483)	$ 13,483	$ (10,611)	$ 10,611
General inflation rate	$ 6,401	$ (6,401)	$ 4,713	$ (4,713)
Wage inflation rate	$ 2,001	$ (2,001)	$ 2,201	$ (2,201)

11. CLAIM BENEFIT LIABILITIES

ACCOUNTING POLICY

The claim benefit liability represents the actuarial present value of all expected future benefit payments for claims occurring before the valuation date and for workplace exposures that may result in recognized occupational disease claims. The liability includes a provision for future costs of managing claims but does not include claims and payments that are on a self-insured basis. Valuation of claim benefit liabilities complies with Standards of Practice issued by the Actuarial Standards Board (ASB) of the Canadian Institute of Actuaries.

Gains and losses resulting from the valuation of the liability arise from differences between actual claims experience and that expected based on the previous valuation, changes to actuarial methods and assumptions as well as changes in policy, legislation, and administrative practices. Such gains and losses are recognized in income in the period that they occur.

ACTUARIAL METHODOLOGY AND BASIS OF VALUATION

Claim benefit liabilities are independently valued annually at year end by WCB's external actuary. Claim benefit liabilities include a provision for all covered benefits and for the future expenses of administering those benefits, including funding obligations to the Appeals Commission and the Medical Panel Office.

Estimated future expenditures are expressed in constant dollars increased to consider expected future escalation, and then discounted at the assumed long-term rate of return on investments.

The valuation is based on WCB legislation, policies, and administrative practices in effect as at the valuation date. Estimation of the liability requires the use of actuarial methods and assumptions that are periodically assessed and adjusted based on frequent monitoring of actual claims experience, the economy, and other relevant factors throughout the year.

Since the claim benefit liabilities of WCB are of a long-term nature, the actuarial assumptions and methods used to calculate the reported claim benefit liabilities are based on considerations of future expenditures over the long term. As the determination of these liabilities requires assumptions about economic and other events that may occur many years in the future, but which are based on best information as at the valuation date, a significant degree of professional judgement must be exercised in developing these assumptions. Accordingly, changes in conditions within one year of the consolidated financial statement date could require material change in recognized amounts in a subsequent period or periods.

See Note 12 *Claim Benefit Risks* for further discussion of measurement uncertainty with respect to valuation of WCB's claim benefit liabilities.

ACTUARIAL ASSUMPTIONS

The most significant economic assumptions for the determination of claim benefit liabilities are the assumed rate of return on invested assets used for discounting expected future benefit payments, and the escalation rates for benefit costs into the future. All actuarial assumptions are determined on a "best estimate" basis except for the real rate of return on investments (i.e. the difference between the expected long-term investment return and the expected long-term general inflation rate). The expected long-term investment return assumption is targeted at about 70 per cent probability level, which provides a margin for adverse deviation in the liability.

Long-term economic assumptions for general inflation and wage escalation are developed by using historical statistics and other economic indicators. The cost-of-living adjustment assumption is determined by subtracting 0.5 per cent from the long-term general inflation assumption in accordance with policy. Health care escalation is developed from analysis of WCB health care cost experience, taking into consideration the results of external studies. This escalation rate represents general inflation plus excess inflation of 2.5 per cent, covering both the increases in the costs per treatment and in utilization.

The table below presents key long-term economic assumptions used to determine the claim benefit liabilities.

	2014	2013
Nominal rate of return, to 2016	5.32%	4.55%
Nominal rate of return, beyond 2016	5.32%	5.58%
General inflation rate	2.50%	2.50%
Real rate of return, to 2016	2.75%	2.00%
Real rate of return, beyond 2016	2.75%	3.00%
Cost-of-living adjustment	2.00%	2.00%
Wage escalation	3.50%	3.50%
Health care escalation	5.00%	5.00%

RECONCILIATION OF CLAIM BENEFIT LIABILITIES

The table below is a reconciliation of the movement in claim benefit liabilities, highlighting the significant changes for each major benefit category.

($ thousands)	Short-term Disability	Long-term Disability	Survivor Benefits	Health Care	Rehabilitation	Claims Management	2014	2013
Claim benefit liabilities, beginning of year	$ 459,600	$ 2,479,100	$ 588,900	$ 2,151,900	$ 176,400	$ 464,800	$ 6,320,700	$ 6,175,500
Claim costs recognized during the year								
Provision for future costs of current year injuries and exposures	105,000	163,500	25,800	231,600	44,000	67,600	635,500	614,200
Claim benefits processed in the year	80,352	2,932	1,584	130,590	3,553	50,568	269,579	268,663
Total claim costs recognized during the year	185,352	166,432	27,384	362,190	47,553	118,168	905,079	882,863
Claim payments processed during the year								
Payments for current year injuries	(80,352)	(2,932)	(1,584)	(130,590)	(3,553)	(50,568)	(269,579)	(268,663)
Payments for prior years' injuries	(93,766)	(160,653)	(43,951)	(160,833)	(55,811)	(58,159)	(553,175)	(532,297)
	(174,118)	(163,585)	(45,535)	(291,423)	(59,364)	(108,727)	(822,752)	(800,960)
Interest expense on the liability	18,600	109,200	25,800	93,900	7,100	19,800	274,400	267,900
Commutation of Deposit Account	330	972	322	310	11	168	2,113	-
Remeasurement of the liability								
Changes in valuation methods and assumptions								
Assumptions for Economic Loss Payments	-	(56,400)	-	-	-	(4,400)	(60,800)	(61,800)
Mortality	1,700	54,400	6,600	18,100	400	6,300	87,500	-
Demographic characteristics	(1,200)	(1,500)	-	(12,700)	(400)	(1,200)	(17,000)	-
Outstanding survivor awards	-	-	(19,000)	-	-	(1,200)	(20,200)	-
Lower discount rate related to real rate of return	2,000	27,600	5,700	40,400	100	4,400	80,200	-
Other changes in methods and assumptions	-	-	(7,000)	-	-	(500)	(7,500)	(19,300)
Changes in claims experience								
Inflation and wage growth different than expected	800	600	(300)	1,400	200	1,200	3,900	(8,900)
Actual costs different than expected	(8,200)	(18,100)	(3,500)	(17,000)	(5,600)	(4,500)	(56,900)	(64,700)
Outstanding ELP experience from other sources	-	(25,700)	-	-	-	-	(25,700)	-
Other experience (gains) losses	(6,764)	(10,719)	(5,571)	(6,777)	100	(3,509)	(33,240)	(49,905)
	(11,664)	(29,819)	(23,071)	25,425	(5,200)	(3,409)	(49,740)	(204,605)
Claim benefit liabilities, end of year	$ 476,100	$ 2,562,300	$ 573,800	$ 2,340,300	$ 186,500	$ 490,800	$ 6,629,800	$ 6,320,700

See Note 14 *Claims and Claims Management Expenses* for details of the amounts recognized in income for the reporting period.

CLAIMS DEVELOPMENT

The table that follows presents the development of the estimated ultimate cost of claims and claim payments for accident years 2005 - 2014. The top part of the table illustrates how the estimate of total claims benefits for each accident year has changed with more experience over succeeding year-ends. The shaded claims triangle shows the estimated cost of claims for an accident year in the year of accident, one year after the year of accident, two years after the year of accident and so on and compares the total estimated cost to the actual cumulative payments over the development period. Due to the extremely long duration of many WCB benefit types, significant amounts may be paid out in the distant future beyond the valuation date. The bottom part of the table reconciles the total outstanding benefits amount to the discounted amount reported in the consolidated statement of financial position.

		Accident Year										
($ millions)	Prior Years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Estimate of cumulative claims benefits												
At end of accident year		1,041.8	1,150.1	1,313.6	1,407.8	1,301.8	1,333.5	1,444.3	1,320.8	1,423.6	*1,438.2*	
One year later		1,044.7	1,189.0	1,295.3	1,308.5	1,250.4	1,299.4	1,250.4	1,305.7	*1,383.6*		
Two years later		1,054.2	1,178.7	1,197.1	1,276.4	1,239.5	1,118.5	1,220.9	*1,256.9*			
Three years later		1,042.7	1,096.8	1,176.1	1,271.1	1,095.7	1,080.8	*1,175.3*				
Four years later		980.4	1,072.3	1,154.1	1,135.9	1,074.7	*1,047.6*					
Five years later		957.2	1,079.9	1,055.3	1,113.1	*1,048.4*						
Six years later		944.2	988.5	1,016.2	*1,094.4*							
Seven years later		863.3	979.5	*1,006.5*								
Eight years later		857.1	*973.9*									
Nine years later		*846.2*										
Current estimate of cumulative claims benefits		846.2	973.9	1,006.5	1,094.4	1,048.4	1,047.6	1,175.3	1,256.9	1,383.6	1,438.2	
Cumulative payments		(404.9)	(437.2)	(438.9)	(458.9)	(404.0)	(385.1)	(411.5)	(374.9)	(365.4)	(219.0)	
Outstanding benefits												
Undiscounted	$ 4,959.8	$ 441.3	$ 536.7	$ 567.6	$ 635.5	$ 644.4	$ 662.5	$ 763.8	$ 882.0	$ 1,018.2	$ 1,219.2	$ 12,331.0
Effect of discounting	(2,548.8)	(262.3)	(323.7)	(341.6)	(380.5)	(388.4)	(398.5)	(459.8)	(532.0)	(599.2)	(650.3)	(6,885.1)
	2,411.0	179.0	213.0	226.0	255.0	256.0	264.0	304.0	350.0	419.0	568.9	5,445.9
Claims management												490.8
Latent occupational diseases												695.1
Claim benefit liabilities												$ 6,629.8

LIQUIDITY OF CLAIM BENEFIT LIABILITIES

The following table presents the expected timing of future payments of the claim benefit liability as at December 31. As these payments extend well out into the future, any such estimates involve considerable uncertainty.

	2014	2013
Expected timing of future payments		
Up to 1 year	4%	4%
Over 1 year and up to 5 years	10%	11%
Over 5 years and up to 10 years	12%	12%
Over 10 years and up to 15 years	11%	11%
Over 15 years	63%	62%
Total	100%	100%

12. CLAIM BENEFIT RISKS

Because there is no statutory limit on the benefit amount payable or the duration of the risk exposure related to work-related injuries, WCB bears risk with respect to its future claim costs, which could have material implications for liability estimation. In determining WCB's claim benefit liabilities, a primary risk is that the actual benefit payments may exceed the amount estimated in determining the liabilities. This may occur due to changes in claim reporting patterns, frequency and/or size of claim payments or duration of claims. Compensable injuries and benefits payable may also change due to legislation or policy changes. With potentially long claims run-off periods, inflation is also a factor because future costs could escalate at a faster rate than expected.

The uncertainties associated with WCB claim benefit liabilities are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The most significant assumption in the determination of the claim benefit liabilities is the real rate of return. A reduction in the assumed real rate of return would increase the actuarial present value of the claim benefit liabilities. Wage inflation affects the liabilities through benefits such as vocational rehabilitation and home maintenance allowances. An increase in assumed wage growth would increase the respective liabilities. Health care benefits represent approximately 35 per cent of the claim benefit liabilities. An increase in the assumed health care escalation rate would result in an increase in the liability for health care.

EFFECT OF ASSUMPTION CHANGES ON CLAIM BENEFIT LIABILITIES

The table below shows the sensitivity of the claim benefit liabilities to an immediate 0.25 per cent increase or decrease in the assumed rates.

($ thousands)	2014		2013	
+/- % change on assumed rates	+0.25%	-0.25%	+0.25%	-0.25%
Real rate of return	$ (203,400)	$ 216,000	$ (188,400)	$ 199,700
Wage inflation rate	$ 47,000	$ (44,900)	$ 48,000	$ (45,900)
Health care escalation rate	$ 91,700	$ (86,400)	$ 82,400	$ (77,600)

13. PREMIUM REVENUE

ACCOUNTING POLICY

Premiums are assessed and due when employers report their insurable earnings for the current year. For employers who have not reported, premiums are estimated and included in the amount receivable. Premium revenue includes estimates for Partnerships in Injury Reduction (PIR) rebates and other items.

Premium revenue is fully earned and recognized over the annual coverage period. Any difference between actual and estimated premiums and rebates is adjusted in the following year.

($ thousands)	2014	2013
Premiums		
Assessed premium revenue for current year	$ 1,198,259	$ 1,218,443
Other premium-related revenue	8,963	8,723
	1,207,222	1,227,166
Deduct: Partnerships in Injury Reduction rebates	91,997	96,988
	$ 1,115,225	$ 1,130,178

Assessed premium revenue includes an accrual of $11,933 (2013 – $19,582) for amounts related to yet to be reported insurable earnings for the current period. The accrual has been determined using an internally developed statistical model to estimate the amount of unreported earnings based on actual returns processed to date and historical patterns of processed to unprocessed returns at a specified point in time.

PIR is a voluntary program that pays rebates to those registered employers that have met the eligibility requirements in achieving certain workplace safety targets as specified under the program. Earned rebates are payable in the following year. The estimated rebate amount is based on several factors, including premiums paid, year-over-year improvement in claims experience and safety performance relative to industry benchmarks, among others.

For both premium and PIR accruals, the differences between actual and estimated amounts in past years have not been material.

14. CLAIMS AND CLAIMS MANAGEMENT EXPENSES

The table below presents details of claims and claims management expenses reported in the consolidated statement of comprehensive income.

($ thousands)	2014			2013
	Current Year Injuries	Prior Years' Injuries	Total	Total
Claims expense				
Provision for future costs of current year injuries and exposures [1]	$ 635,500	$ -	$ 635,500	$ 614,200
Claim payments processed in the year				
Short-term disability	80,352	93,766	174,118	164,474
Long-term disability	2,932	160,653	163,585	159,390
Survivor benefits	1,584	43,951	45,535	46,402
Health care	130,590	160,833	291,423	284,238
Rehabilitation	3,553	35,811	39,364	40,310
	219,011	495,014	714,025	694,814
Claim payments related to prior years [2]	-	(553,173)	(553,173)	(532,297)
	219,011	(58,159)	160,852	162,517
	$ 854,511	$ (58,159)	$ 796,352	$ 776,717
Claims management [3]				
Claims-related administration	50,556	45,559	96,115	94,875
Appeals Commission	12	12,299	12,311	10,980
Medical Panel Office	-	301	301	291
	$ 50,568	$ 58,159	$ 108,727	$ 106,146
	$ 905,079	$ -	$ 905,079	$ 882,863

[1] *Provision for future costs of current year injuries represents the present value of all future obligations for benefit payments arising from current year injuries and occupational disease exposures.*

[2] *Although claim payments relating to prior years injuries are processed in the reporting period, they are not expensed in the current year but are charged to the liabilities established for prior accident years.*

[3] *Claims management represents WCB's internal functional costs related to claims processing as well as funding of the external decision review bodies. Claims management expenses are included in claim benefit liabilities for valuation purposes but are presented separately in the consolidated statement of comprehensive income; see Note 15 Administration Expense, for Claims-related administration.*

15. ADMINISTRATION EXPENSE

WCB's primary administrative functions include:

- **Claims-related administration** – responsible for adjudicating claims, processing benefit payments, and the provision of return-to-work services to claimants.
- **Corporate administration** – provides general management and administrative support.

The table below presents administration expenses broken down by nature of expense and by function:

($ thousands)	Corporate	Claims-related	**2014**	2013
Administration expenses				
Salaries and employee benefits	$ 58,914	$ 108,953	$ 167,867	$ 163,290
Technology	12,167	5,595	17,862	18,962
Office	4,320	1,086	5,406	5,136
Occupancy	4,303	5,758	10,061	8,608
Professional fees	1,304	2,485	3,789	4,072
Travel	630	432	1,062	1,109
Other	1,322	577	1,899	1,866
	82,960	124,986	207,946	203,043
Depreciation and amortization	6,523	5,728	12,251	13,140
	89,483	130,714	220,197	216,183
Less:				
Cost recoveries	126	8,074	8,200	7,249
Reclassifications to:				
Claims expense – rehabilitation services	-	26,525	26,525	26,845
Investment management expense [1]	3,296	-	3,296	3,299
	3,422	34,599	38,021	37,393
	$ 86,061	$ 96,115	$ 182,176	$ 178,790

[1] *Investment management expense represents internal expenses, see* Note 16 Investment Income & Expense.

16. INVESTMENT INCOME AND EXPENSE

ACCOUNTING POLICY

The primary components of investment income include:

(a) Gains and losses from investments classified at fair value through income (including gains and losses from remeasurement and from disposition of assets) recognized in income in the period in which they arise;

(b) Interest revenue accrued using the effective interest method, net of amortization of any premium or discount recognized at date of purchase;

(c) Dividend income when a right to payment has been established based on the ex-dividend date for quoted securities; and

(d) Property income (operating income such as rentals and other business revenue) when a right to distributable income has been established.

Investment expense is composed primarily of investment management expenses, for both external and internal portfolio managers. Fund management expenses of pooled investments, excluding investment management fees, are netted against the revenues of those respective funds.

(a) INVESTMENT INCOME

($ thousands)	Interest	Dividends	Gains (Losses)	Property	Derivatives	**2014 Total**	2013 Total
Fixed income							
Bonds [1]	$ 80,758	$ -	$ 210,741	$ -	$ (12,761)	$ 278,738	$ (54,966)
Mortgages	18,576	-	16,365	-	-	34,941	14,581
Short-term investments	5,265	-	-	-	-	5,265	4,293
	104,599	-	227,106	-	(12,761)	318,944	(36,092)
Equities							
Domestic equities	-	65,956	39,401	-	-	105,357	123,709
Foreign equities	-	43,530	299,498	-	(12,640)	330,388	597,679
	-	109,486	338,899	-	(12,640)	435,745	721,388
Inflation-sensitive							
Real estate	-	-	79,628	22,572	-	102,200	112,717
Infrastructure	-	-	96,128	46,362	(22,187)	120,303	120,837
Timberlands	-	-	18,487	5,107	-	23,594	-
	-	-	194,243	74,041	(22,187)	246,097	233,554
	$ 104,599	$ 109,486	$ 760,248	$ 74,041	$ (47,588)	$1,000,786	$ 918,850

(b) INVESTMENT MANAGEMENT EXPENSE

($ thousands)	**2014**	2013
Fund management fees	$ 37,815	$ 29,348
Custody fees	604	509
Investment administration [2]	3,296	3,299
	$ 41,715	$ 33,156

[1] *Includes both nominal and real return bonds.*
[2] *Investment administration represents internal investment management expenses, see* Note 15 Administration Expense.

17. RELATED PARTY TRANSACTIONS

GOVERNMENT OF ALBERTA AND RELATED ENTITIES

WCB has transactions with various Alberta Crown corporations, departments, agencies, boards, educational institutions and commissions in the ordinary course of operations. Such transactions include premiums from the organizations and certain funding obligations relating to Occupational Health and Safety, the Appeals Commission and the Medical Panel Office that are in accordance with the applicable legislation and/or regulations. WCB is related to these entities by virtue of common influence by the Government of Alberta. WCB is considered a government-related entity and as such, is not required to disclose these transactions under IAS 24 *Related Party Disclosures*.

KEY MANAGEMENT COMPENSATION

Key management personnel of WCB, comprising the Board of Directors and the executive and their close family members, are also related parties in accordance with IAS 24. As at the reporting date, there were no business relationships, outstanding amounts or transactions other than compensation, between WCB and its key management personnel.

The tables below present total compensation of the board members and executive of WCB.

($ thousands)

	2014				
	Base Salary [1]	Other Cash Benefits [2]	Non-Cash Benefits [3]	SERP [4]	Total
Chair, Board of Directors [5]	$ -	$ 46	$ 4	$ -	$ 50
Board Members [5]	-	159	11	-	170
President & Chief Executive Officer	452	273	46	94	865
Vice-President, Operations & Chief Information Officer	357	150	40	74	621
Chief Financial Officer	331	139	42	57	569
Vice-President, Operations & Disability Management	272	116	40	28	456
Vice-President, Employee & Corporate Services	271	100	41	38	450
Secretary & General Counsel	266	90	44	41	441

	2013				
Chair, Board of Directors [5]	$ -	$ 58	$ 4	$ -	$ 62
Board Members [5]	-	166	10	-	176
President & Chief Executive Officer	439	232	41	94	806
Vice-President, Operations & Chief Information Officer	347	127	36	77	587
Chief Financial Officer	321	118	38	59	536
Vice-President, Operations & Disability Management [6]	86	32	10	7	135
Vice-President, Employee & Corporate Services	256	83	36	37	412
Secretary & General Counsel	251	82	39	40	412
Vice-President, Customer Service & Risk Management [7]	298	110	37	57	502

[1] *Base salary is pensionable base pay.*

[2] *Other cash benefits include pay at risk, car allowances and honoraria.*

[3] *Non-cash benefits include employer's share of all employee benefits and payments made to or on behalf of employees including statutory contributions, pension plans, extended health care benefits, group life insurance, and professional memberships.*

[4] *SERP represents employer's current service cost for benefits accrued under a supplemental executive retirement plan. See Note 10 Employee Benefits for details of the plan, and the following table for the costs and obligations related to each named key management position.*

[5] *The Chair of the Board of Directors and the nine Board members are part-time positions.*

[6] *The position of Vice-President, Operations & Disability Management was established in 2013. The incumbent took office September 1, 2013.*

[7] *The position of Vice-President, Customer Service & Risk Management was eliminated in 2013. The incumbent retired on December 31, 2013.*

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

($ thousands)	2014				2013	
	Current Service Cost [1]	Other Costs [2]	Net Cost	Accrued Obligation	Net Cost	Accrued Obligation
President & Chief Executive Officer	$ 94	$ 319	$ 413	$ 1,496	$ 93	$ 1,083
Vice-President, Operations & Chief Information Officer	74	104	178	914	43	736
Chief Financial Officer	57	99	156	608	43	452
Vice-President, Operations & Disability Management [3]	28	15	43	52	9	9
Vice-President, Employee & Corporate Services	38	87	125	508	48	383
Secretary & General Counsel	41	99	130	544	50	414

[1] *Current service cost represents the actuarial present value of future benefit obligations arising from employee service in the current period.*
[2] *Other costs include interest on the liability and actuarial gains and losses arising from assumption changes and/or experience.*
[3] *The position of Vice-President, Operations & Disability Management was assumed by the incumbent on September 1, 2013.*

18. CONTINGENCIES AND INDEMNIFICATION

LEGAL PROCEEDINGS

WCB is party to various claims and lawsuits related to the normal course of business that are currently being contested. In the opinion of management, the outcome of such claims and lawsuits are not determinable. Based on the total amount of all such actions, WCB has concluded that the outcomes will not have a material effect on the results of operations or financial position.

INDEMNIFICATION AGREEMENTS

In the normal course of operations, WCB enters into contractual agreements that contain standard contract terms that indemnify certain parties against loss. The terms of these indemnification clauses will vary based upon the contract, and/or the occurrence of contingent or future events, the nature of which prevents WCB from making a reasonable estimate of the potential amount that may be payable to those contractual parties. Such indemnifications are not significant, nor has WCB made any payments or accrued any amounts in the consolidated financial statements in respect of these indemnifications.

19. SUPPLEMENTAL INFORMATION

(a) Cash and cash equivalents

($ thousands)	2014	2013
Cash in transit and in banks	$ 8,846	$ 15,233
Cash equivalents	451,219	495,070
	$ 460,065	$ 510,303

Cash equivalents are invested in a portfolio of high-quality, short- to mid-term, highly liquid fixed-income securities that generated an average annual return of 1.2 per cent (2013 – 1.2 per cent).

(b) Trade and other receivables

($ thousands)	2014	2013
Employer		
Accounts receivable	$ 59,662	$ 62,813
Accrued	11,933	19,582
	71,595	82,395
Other	10,372	10,886
	$ 81,967	$ 93,281

Included in the accounts receivable total above is an allowance for doubtful accounts of $2.1 million (2013 – $2.1 million). Accrued employer accounts receivable represents premiums related to employers that had not yet reported their insurable earnings by year-end. Substantially all receivables are collected within one year.

(c) Trade and other liabilities

($ thousands)	Trade	Other	2014	2013
Trade payables	$ 59,101	$ -	$ 59,101	$ 54,032
Lease obligations	-	4,097	4,097	2,633
Other liabilities	-	8,107	8,107	8,851
	$ 59,101	$ 12,204	$ 71,305	$ 65,516
Current portion	$ 59,101	$ 1,635	$ 60,736	$ 55,963
Non-current portion	-	10,569	10,569	9,553
	$ 59,101	$ 12,204	$ 71,305	$ 65,516

See Note 9 *Lease and Other Commitments* for details of the lease obligations.

(d) Surplus distributions

($ thousands)	Change in Comprehensive Income		Surplus Distributions Payable	
	2014	2013	**2014**	2013
Surplus distributions, beginning of year			$ 524,478	$ 85,733
Payment of prior years' surplus distributions			(511,488)	(85,353)
			12,990	380
Adjustment of prior years' accruals	$ (12,990)	$ (380)	(12,990)	(380)
Outstanding balance from prior years			-	-
Surplus distributions authorized for the year	507,159	524,478	507,159	524,478
Surplus distributions, end of year	$ 494,169	$ 524,098	$ 507,159	$ 524,478

Substantially all surplus distributions are paid within one year.

(e) Safety rebates

($ thousands)	**2014**	2013
Safety rebates payable, beginning of year	$ 96,988	$ 90,339
Payment of prior years' rebates	(92,569)	(85,501)
	4,419	4,838
Adjustment of prior years' accruals	(844)	3,579
Outstanding balance from prior years	3,575	8,417
Rebates for the year	88,422	88,571
Safety rebates payable, end of year	$ 91,997	$ 96,988

Safety rebates represent amounts recognized under the PIR program. See Note 13 *Premium Revenue* for further details of the PIR program.

(f) Injury reduction

($ thousands)	**2014**	2013
Occupational Health and Safety	$ 37,277	$ 37,042
Industry safety associations	23,856	20,742
	$ 61,133	$ 57,784

Injury reduction is composed of statutory funding of Occupational Health and Safety and voluntary premium levies to fund industry-sponsored safety associations.

Performance Measures Sources and Methodologies

Interprovincial rank of Alberta's overall labour force participation rate and specific labour force participation rates

Statistics Canada's Labour Force Survey (LFS) is the primary source of statistics on employment and unemployment in Canada and the provinces. The LFS is conducted by Statistics Canada across the country. The Canadian sample size for the monthly Labour Force Survey was 56,027 households over the reporting period. Alberta's sample size corresponds to its share of the national population. An average of 5,540 Alberta households were surveyed each month. The coefficient of variation (the standard error as a percentage of the reported result) for the estimated 2,386,200 Albertans in the labour force is 1.0 per cent.

The LFS provides information on the work activities of survey respondents during the week containing the 15th day of the month known as the reference week. The target population covered by the survey corresponds to all persons aged 15 years and over residing in Canada, with the exception of the following: persons living on reserves and other Aboriginal settlements, full-time members of the Canadian Armed Forces, and the institutionalized population. The labour force is the sum of the number of persons employed and the number of persons actively seeking employment (unemployed). This is calculated as a 12-month average for the calendar year.

The participation rate represents the percentage of the working age population that is either employed or actively seeking employment (unemployed). With this performance measure, the rate for Alberta is compared to other provinces to provide an interprovincial ranking.

For more information on the methodology of the Labour Force Survey, please see *Guide to the Labour Force Survey* (2013), Statistics Canada: statcan.gc.ca/pub/71-543-g/71-543-g2013001-eng.htm

The performance indicator looks at the labour force participation rate for all Albertans, Aboriginal Albertans living off-reserve, Alberta's immigrant population, and Alberta youth (aged 15-24). Results for each indicator are calculated as a 12-month average for the calendar year.

All Albertans

The participation rate for all Albertans represents the percentage of the working age population that is either employed or actively seeking employment (unemployed).

Aboriginal Albertans living off-reserve

The LFS includes a question that asks respondents if they identify themselves with at least one Aboriginal group, for example, North American Indian, Métis or Inuit. The First Nations, Métis and Inuit labour force (off-reserve) represents the number of people in the working age population that are either employed or actively seeking employment (unemployed).

Alberta's immigrant population

A landed immigrant is a person who has been granted the right to live in Canada permanently by immigration authorities. Canadian citizens by birth and non-permanent residents (persons from another country who live in Canada and have a work or study permit, or are claiming refugee status, as well as family members living here with them) are not landed immigrants.

Alberta youth (aged 15-24)

Alberta youth (aged 15-24) represents the number of people in that age cohort that are either employed or actively seeking employment (unemployed).

Lost-time claim rate: Number of lost-time claims per 100 person-years worked

The LTCR represents the probability, or risk, of injury or disease to a worker during a period of one year's work. The measure indicates the number of LTCs per 100 person-years worked to indicate increases or decreases in this risk. One person-year is equivalent to one full-time worker working for one year, or 2,000 hours worked.

The Workers' Compensation Board – Alberta (WCB) records a lost-time claim when a worker, his/her physician, or his/her employer submits an injury report form. The WCB collects this information, calculates estimated person-years worked and provides the data files to Jobs, Skills, Training and Labour for analysis. Prior to 2010-11, the estimated person-years worked was calculated by the department instead of WCB. The LTCR is reported by calendar year and is calculated by dividing the number of LTCs by the number of estimated person-years worked.

Each year, new data is sent to Jobs, Skills, Training and Labour that includes the most recent injury data for the last five years. The previous four years of results are re-calculated with the updated data provided by the WCB. Re-calculating historical results provides the reader the most accurate and up-to-date injury information. There is no change in the process of how the result is calculated.

Percentage of decisions rendered by the Labour Relations Board within 90 calendar days from the completion of the hearing(s)

The ALRB Case Management System tracks all data related to hearings and decision timelines. For this performance measure, a report is created from the Case Management System that identifies those decisions that have met the reporting period requirements and the duration of time from the commitment date (usually the date of the last completed hearing related to the matter(s) applicable to the decision) to the date that the decision was rendered (written decision was issued). Sometimes the commitment date may differ from the hearing date if further submissions are accepted by the presiding Chair or Vice Chair at a later time.

Using the report, the number of decisions completed in 90 days or less is calculated as a percentage of all matters. Hearings are generally included in the calculation for the year in which the decision is rendered (the written decision is issued). However, in the event that a decision is reserved (hearing is completed) in one fiscal year but rendered (the written decision is issued) in a subsequent fiscal year, the case will be included in either the fiscal year in which the 90-day threshold occurs, or the fiscal year in which the decision is rendered, whichever date occurs first.

Percentage of applications, with the Labour Relations Board's involvement, settled before reaching a formal hearing

The ALRB Case Management System tracks all data relating to the disposition of applications. For this performance indicator, a report is created that shows the resolution type of matters that could potentially be resolved via an informal settlement process. Using the report, the total number of matters concluded via informal settlement is divided by the total number of matters that are eligible for informal settlement.

Certifications and revocations are not included in the calculation as they are not eligible for an informal settlement process. However, it is common for the numerous and sometimes complicated issues relating to these applications to benefit from ALRB settlement efforts. Other matters that are not eligible for an informal settlement process include appeals, conducted votes and supervised strike/lockout votes, which are also excluded from this indicator.

Other Statutory Reports

Statutes of Alberta Chapter P-39.5 – *Public Interest Disclosure (Whistleblower Protection) Act*

s. 32 of the *Public Interest Disclosure (Whistleblower Protection) Act* requires the chief officer of a department to report annually on all disclosures made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.

This constitutes the annual report of the chief officer of the department covering the period of April 1, 2014 to March 31, 2015.

There have been no disclosures received by, acted on or not acted on by the designated officer, therefore there have been no investigations commenced by the designated officer as the result of disclosures, and there are no data to report in relation to the reporting requirements under s. 32 of the *Public Interest Disclosure (Whistleblower Protection) Act*.